THE FORBES INTERNATIONAL 500 SURVEY

AIRBUS INDUSTRIES' THREAT TO BOEING

C3950-1

JULY 23, 1990

THREE DOLLARS SEVENTY-FIVE CENTS

Forbes

He's worth $16 billion

THE WORLD'S BILLIONAIRES

She's worth $2 billion

The Score: Americans 99 Japanese 40 Germans 38 Chinese 15 Others 79

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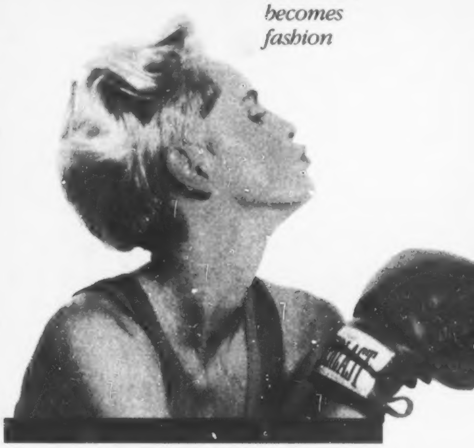

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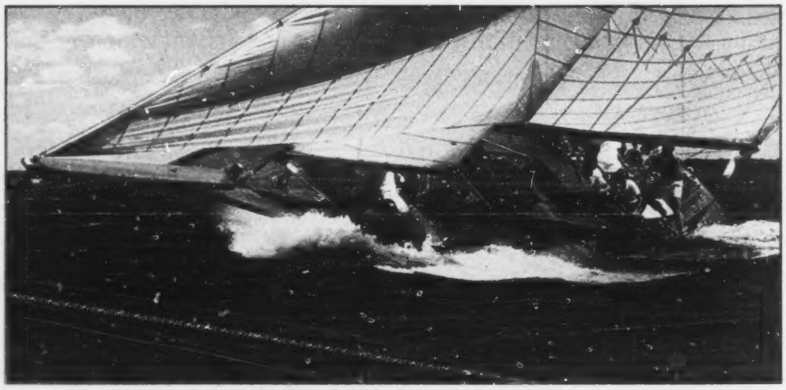

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July 23, 1990 Volume 146 Number 2 Forbes (ISSN 0015 6914) is published biweekly except weekly during two weeks in October, by Forbes Inc., 60 Fifth Ave., New York, N.Y. 10011. Second-class postage paid at New York, N.Y. and at additional mailing offices. Canadian second-class postage paid, permit number 9490. Subscription $48 a year, U.S.A. Postmaster: Send address changes to Forbes, 60 Fifth Ave., New York, N.Y. 10011. Copyright © 1990 Forbes Inc. Title is protected through a trademark registration in the U.S. Patent Office.

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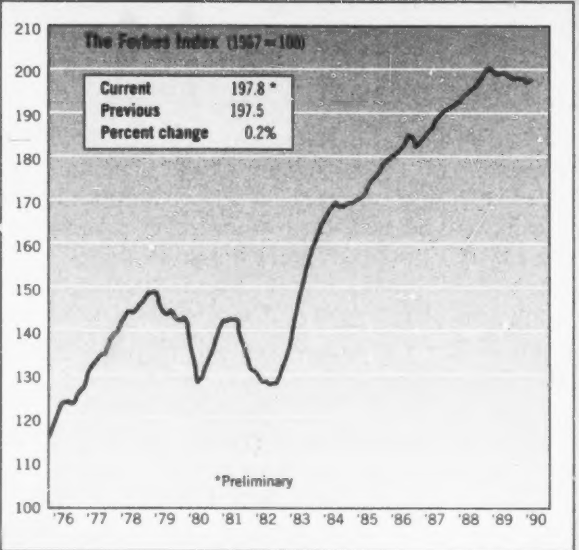
The Forbes Index



The rate at which Americans put their income into savings reached its highest level since 1982. While personal income was up 0.4% in May, consumers saved 6.2% of their aftertax income. This is almost twice the 3.2% annual savings rate in 1987. At the same time, there are signs that the manufacturing sector is rebounding. During May durable goods orders shot up 3.9%, while industrial production increased 0.6%. What's weak? The housing sector: New housing starts are up 1% from April, but this is the lowest May result since 1982.

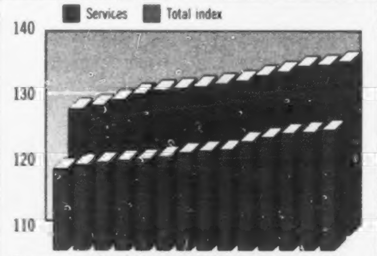
Other key rates	Source	Status
Prime rate	Chase Manhattan Bank	10.0%
Auto sales year to date vs. 1989[1]	Ward's Automotive	-5.1%
Index of leading indicators May vs. April	Dept of Commerce	0.8%
Trade balance 12 months ended April 1990	Dept of Commerce	-$106 bil
Producer price index May vs. 1989[2]	Dept of Labor	3.1%
GNP 1st quarter vs. 4th—annualized growth	Dept of Commerce	1.9%†
NBER Experimental Recession Index[3]	Nat'l Bureau of Economic Research	7.0%

[1] U.S.- based manufacturers, excludes imports, as of 6/20/90. [2] Finished goods. [3] May 1990. †Revised

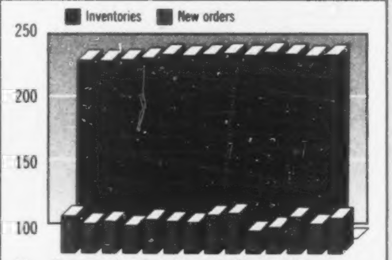
Index Components

The Forbes Index is a measure of U.S. economic activity composed of 8 equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, new housing starts, total retail sales, the level of new orders for durable goods compared with manufacturers' inventories, personal income, total consumer installment credit.

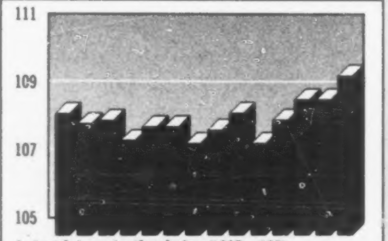
To measure these 8 elements, FORBES monitors 10 series of U.S. government data. The last 14 months' data for each series are presented below.



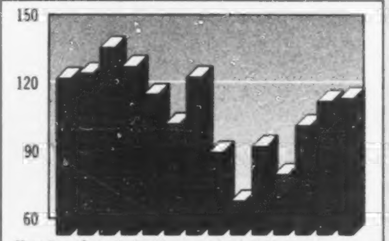
Consumer price indexes (1982-84 average = 100) all urban consumers, unadjusted (Dept. of Labor)



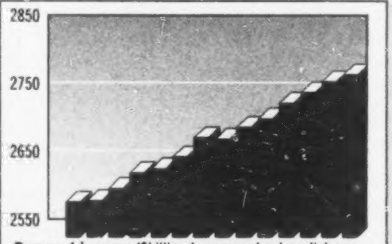
Manufacturers' new orders and inventories ($billions) seasonally adjusted (Dept. of Commerce)



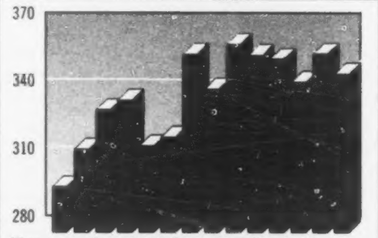
Industrial production index (1987 = 100) seasonally adjusted (Federal Reserve)



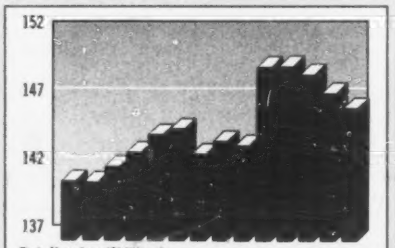
New housing starts (thousands) privately owned, unadjusted (Dept. of Commerce)



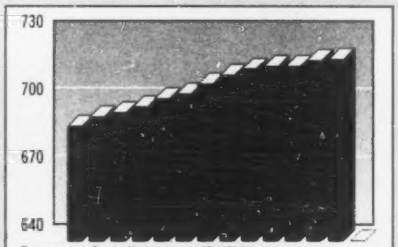
Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept. of Commerce)



New unemployment claims average for month (thousands) seasonally adjusted (Dept. of Labor)



Retail sales ($billions) seasonally adjusted (Dept. of Commerce)



Consumer installment credit ($billions) total, seasonally adjusted (Federal Reserve)

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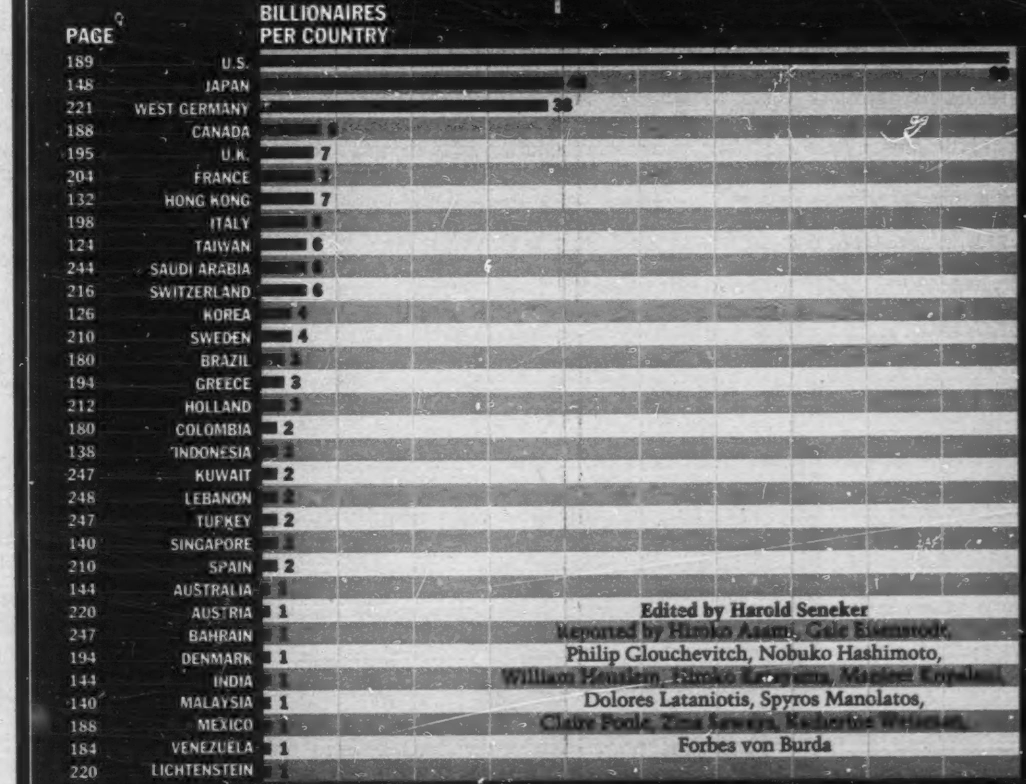
THE WORLD'S BILLIONAIRES



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132	HONG KONG	7
198	ITALY	6
124	TAIWAN	6
244	SAUDI ARABIA	6
216	SWITZERLAND	6
126	KOREA	4
210	SWEDEN	4
180	BRAZIL	3
194	GREECE	3
212	HOLLAND	3
180	COLOMBIA	2
138	INDONESIA	2
247	KUWAIT	2
248	LEBANON	2
247	TURKEY	2
140	SINGAPORE	2
210	SPAIN	2
144	AUSTRALIA	1
220	AUSTRIA	1
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Edited by Harold Seneker

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Forbes von Burda

* Plus the Aga Khan, Citizen of the World.

As the biographies that begin on page 124 show, the world is full of fascinating billionaires. But relative to their populations, neither the U.S. nor Japan has created as many billionaires as has West Germany.

The long ascent from Stunde Null

By Richard C. Morais

EVERY YEAR an intriguing pattern emerges from the hunt for billionaires. In 1987 what jumped out from the list was the large number of Japanese individuals who owned extraordinarily expensive land. In 1988 the list was heavy with Europeans who had amassed fortunes in postwar Europe's growth industries: retailing and distribution.

What pattern stands out this year? The number of billionaires West Germany has created.

With the considerable assistance of our new German sister publication, *FORBES von Burda*, we have identified 38 billionaire families in West Germany (their profiles begin on page 221). For Japan the number is 40; for the U.S., 99. But remember: West Germany has half as many people as Japan, and one-quarter as many as the U.S. Per capita, West Germany has created far more billionaires than either Japan or the U.S. And has done so with remarkable speed.

Consider Germany's *Stunde Null,* the Zero Hour, when in the summer of 1945 the country took stock: 3 million homes destroyed; 8 million refugees from the East in makeshift shanties in the rubble; a daily ration of just 700 calories per person; meals of boiled turnip and potato; a bankrupt Reichsmark; a black market economy running on barter.

Today the 38 wealthiest German families could, if they were so inclined, gold-plate every square meter of Germany's extensive autobahns—including the gas stations and off ramps.

The country's economic recipe is well documented. The basic ingredients were the Marshall Plan, economic liberalization under Ludwig Erhard in 1948, monetary and political stability, a strong work ethic.

But there is a lesser-known yet equally important reason for Germany's success at creating billionaires. It's called *Der Generations Vertrag*—the contract between generations.

At the root of this intense wealth creation is the German's near religious reverence for the family business. If German children are expected to take care of their parents in old age, the parents are under even more pressure to leave an inheritance.

It's the law. Germans must leave the bulk of their wealth—even against their will—to immediate family. The industrialist who leaves $1 billion to three sons, disinheriting black sheep son number four, knows the black sheep can take the estate to

AP/Wide World

Frankfurt, West Germany, March 1949
Just after Erhard's great liberalization, a breeding ground for billionaires.

court and almost certainly win a $125 million share.

West Germany's inheritance tax system, too, encourages the passage of family wealth from spouse to spouse and from parents to children. The children and wife must pay, at most, just 35%; the nephew or girlfriend is taxed at up to 70%. Inherited land gets an even better break: The son or daughter will pay maybe $5 million on real estate with a market value of $100 million.

For estate planning reasons alone, then, it made perfect sense for Max Grundig, who died last year at 81, both to marry Chantal, now 41, and to father another child—Maria Alexandra, now 10—by her *(see p. 221)*. Young Maria and her descendants are the principal beneficiaries of a foundation set up solely to sustain Grundig offspring.

Or consider 86-year-old Erich Brost *(see p. 234)*. A Socialist Party lawyer, Erich Schumann, 59, is running Brost's WAZ media group. In 1985 Brost legally adopted Schumann, who was 54 at the time of his adoption. The legal paperwork will cut in half estate taxes on Schumann's share.

In the U.S., the crowning glory of a career may be listing the family-built company on the New York Stock Exchange. In the $1.3 trillion German economy, there are just 492 publicly traded companies. In large part, that reflects the clannish desire to maintain family control. "The families want the continuity," says Heidemarie Sherman, senior economist at the IFO Institute for Economic Research. "They want to groom a member to take over the family business."

Even many of Germany's self-made billionaires inherited their start in life. Publishing magnate Reinhard Mohn *(see p. 234)* built his Bertelsmann empire out of the tiny Bible publisher he inherited. The Albrechts *(p. 228)* and Leibbrands *(p. 232)* built their supermarket chains out of mom-and-pop stores they were bequeathed.

"If you do not take over the family business, there probably is something wrong with you," says Rolf Dienst, president of Matuschka Group, a Munich-based investment bank. "Your father was probably not happy with you. It's a big disaster if the family does not have a successor."

How different from the U.S., where most parents are usually careful not to pressure their children into the family business—for the good not only of the children but of the business (and other relatives) as well.

There is a less salubrious aspect of the German way of creating billionaires. While helping to keep a business in the family, deciding not to sell equity to the public cuts the business off from what can be very attractively priced capital.

As bad if not worse, the pressure to groom a bloodline heir can easily crimp the flow of the best managerial talent into the business. Sometimes the heirs are extremely capable. Direct mailer Michael Otto *(p. 226)* has enriched the family enterprise. But they can also be disasters—Friedrich Karl Flick *(p. 238)* was for years criticized for his neglect of day-to-day business.

Some West Germans believe that concentrated individual wealth in their country is a transitory phenomenon. Before the recent influx of penniless East Germans, West Germany's population had been declining. Observes Meinhard Miegel, director of IWG, a Bonn-based think tank: "The first phase of a declining population is a very fast increase in material wealth." Imagine two households with one child and one house each. The children marry and build their own house. When their parents die, they wind up with three houses—a trend that cannot go on very long.

"If you go through downtown Munich, you will see sitting in cafes what we call the *Schickeria*," says Sherman at the IFO institute. "These are the young people who inherited two apartment buildings in Munich. They never worked. They graduated from high school, maybe, and now they are collecting rent, living very nicely. It's a new phenomenon in Germany."

Miegel adds: "As soon as someone starts enjoying his wealth, that's it, he's finished. The first generation is hungry, the second preserving, the third easygoing, the fourth is wasting. We are entering the easygoing stage; we're not yet into wasting. Which means we are programming stagnation, not today or tomorrow, but in the foreseeable future."

To date, FORBES has identified 271 businessmen and families on this increasingly prosperous planet who have made and/or kept $1 billion or more. The billionaires profiled in this issue are all from outside the U.S. The American billionaires, listed briefly on page 189, will be described more fully in the annual Forbes Four Hundred special issue, to be published in October. ■

H.P. Merten/Stock Market

The same scene (note triangular façades, center) 40 years later
To the forces behind the economic miracle, add "Der Generations Vertrag."

ASIA

TAIWAN

Y.C. WANG

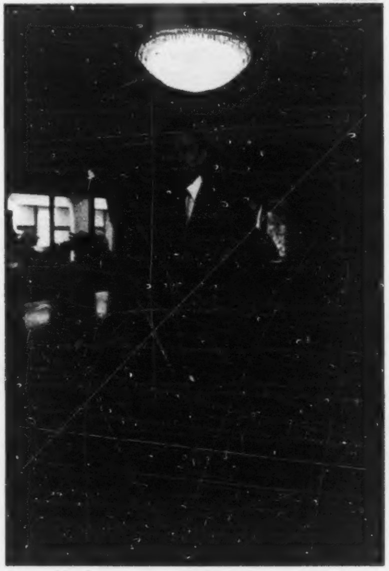
Why Wang went to China

Wang caused a major ruckus this year when he visited the mainland to talk about building a huge plant to produce ethylene, a basic building block for plastics. Even though indirect mainland investments now total an estimated $1 billion, the Taipei government has forbidden Taiwanese to invest in such strategic industry on the mainland. Moreover, Wang, 73, had been a longtime opponent of investment on the mainland.

So why did Wang cross the Formosa Strait? He did it for the same reason he's investing $1.7 billion in the U.S.: He's up against brutal growth limits in Taiwan, which is in a political uproar over pollution. The government has put a production lid on its Chinese Petroleum Corp., Wang's only Taiwan supplier of ethylene for his giant (annual sales, over $6 billion) Formosa Plastics Group.

Wang can't import ethylene because it's too dangerous to ship (it explodes). But he needs more low-cost capacity to maintain market share, even though the prospects for growth in ethylene-supplied businesses are grim over the next 2½ years.

Ed Kashi



Y.C. Wang

Ah, but the Communists love him. They want a gigantic $5 billion complex, along with all the downstream petrochemical processors, which have to be near the ethylene plant because of transportation dangers. It's a strategic industry Taiwan can ill afford to lose. That makes it a good bet Wang's trip was just a ploy to pry more ethylene production out of Taipei. Sources insist Y.C. will never build on the mainland without at least the tacit consent of Taipei—which is earnestly saying no.—**William Heuslein**

KOO FAMILY

Poised to profit (again)

As capital export controls liberalize and Taiwanese money moves overseas, the long-established Koos are preparing to profit. Already, in the 1990 first quarter, net outflows were over $3 billion. Expect a lot of that to land over here: China Trust Chairman Jeffrey L.S. Koo is planning to add several U.S. branches to China Trust Bank, the Koos' New York presence, and a representative office in London.

Back on Taiwan, the government is moving to permit private commercial banks. The well-connected, politically adept Koos are in line to get one of the hotly contested licenses. (As a trust company, China Trust now cannot take checking deposits or make short- or long-term loans.) For Jeffrey Koo, 57-year-old New York University M.B.A., the strategy is to tap Taiwan's growing financial sophistication with ever-broader financial services. China Trust, with 1989 pretax earnings of $103 million, likely will also go public this year.

The main family holding company, Koo Development Corp., includes interests in cement, petrochemicals and shipping, among other things. In January a consortium led by the Koos acquired the U.S.' Wyse Technology for $160 million.

Jeffrey L.S. Koo

Excellence Magazine

Connected? Jeffrey's uncle, Koo Chen-fu, 74, is an adviser to the ruling Kuomintang and a central standing committee member. Jeffrey is an adviser to Premier Hau Pei-tsun. Do business in Taiwan, and you're likely to meet the Koos—and soon, maybe here as well.—**William Heuslein**

CHANG YUNG-FA

Flight capital, floating assets

Chang's Evergreen Group, the world's largest container shipper (1989 shipping revenues, at least $1.3 billion), is well into its biggest diversification ever: With permission to begin Taiwan's second international airline, Evergreen has $3.6 billion of Boeing and McDonnell Douglas aircraft on order for its EVA Airways Corp. unit. EVA will compete against state-managed China Airlines and begin flying Taiwan-Southeast Asian routes next year.

Service to Japan and the U.S. will begin later. But the route 62-year-old Chairman Chang wants most doesn't yet exist: the direct Taiwan-mainland-China service.

Evergreen Marine Corp., Chang's major shipping unit, is also expanding despite a 37% drop in net income last year, to $63 million, allegedly due to

Chang Yung-fa

Ed Kashi

overcapacity and price-cutting. Five new containerships are planned. The Uniglory Marine unit plans to add four. Chang's considering financing part of this with $200 million of convertible bonds for the Euromarket—a first for him, and investors are wary of Far East debt now. Obviously Chang thinks the overcapacity is in competitors' hands.—**William Heuslein**

HSU FAMILY

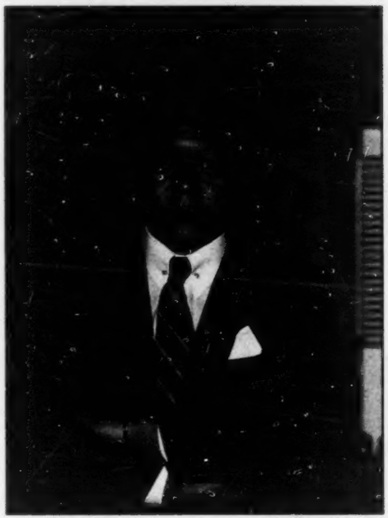
Coping with limits

The Hsus' Far Eastern Textile Group has been following the Taiwanese trend of moving manufacturing off the island into the rest of Southeast Asia.

The group's synthetic-fiber division has been one of its big moneymakers. Taiwan's limited domestic supplies of petrochemical-based raw materials hurt synthetic-fiber production at home; so do ever-rising labor and overhead costs. So the Hsus now have a controlling interest in a major Philippine producer. Far Eastern is said to be looking to buy a North American source, too. To finance expansion, it's considering turning to the Euromarket with a $100 million convertible bond offering.

Behind all the moves is Douglas Hsu, a Columbia grad and son of founder and chairman Y.Z. Hsu. The elder Hsu ran a small Shanghai knitting factory but fled to Taiwan in 1949 with Chiang Kai-shek. Diversification began in the late 1950s. Last year the textile conglomerate chalked up sales of $3.4 billion.

Far Eastern's retailing company is Taiwan's top nationwide department store chain, and had record sales last year of $394 million. With foreign retailers moving into Taiwan, some analysts say Hsu should be expanding stores more aggressively. But Douglas knows there are limits to expansion: Far Eastern, like the other Taiwanese conglomerates, is learning that the island's overheated economy cuts both ways.—**William Heuslein**



Douglas Hsu

Excellence Magazine

Very big, China

In 1987 Taipei eased foreign exchange controls a bit, but until very recently it didn't much matter. Money chased opportunity at home until the island sloshed in liquidity. Blue-chip stocks sold at 200 times earnings; real estate went just as crazy.

But this spring the stock market collapsed—a 200-P/E stock became a mere 150-P/E stock, then less. Property fell, too, as the island's excess liquidity began to evaporate. Last year there was a net capital outflow of $8.2 billion; much more is going this year. The costs of capital and labor are rising, the local currency is falling and general fears of pollution are slowing or halting industrial expansion *(see Y.C. Wang)*. Crime, especially kidnapping, is on the rise. There are political uncertainties, too, as the old Kuomintang order gradually gives way to an ill-understood new one. Moaned one Taiwanese source to FORBES: "The investment environment in Taiwan is ruined."

So the businessmen are looking beyond the island. Some go to the U.S. *(see the Koo family)*. More go to less expensive Southeast Asia, where Taiwan is now a major investor in virtually every country, often in the old-line, labor-intensive industries Taiwan grew fat on. Rather than try to stem these capital outflows, Taiwan's central bank is moving to offer businesses foreign exchange loans.

The greatest potential is investment in mainland China. There, Taiwanese investors sense a familiar opportunity: cheap currency, cheaper labor, promises of credit—and a government that will brook no social upheaval, nor trade much growth for environmental purity. Taiwanese businessmen like Wang probably figure China could be like the good old days in Taiwan again, only bigger. Much bigger.—**William Heuslein**

Heimo Aga/Contact

Rush-hour traffic in Kaohsiung, Taiwan
Dirty-air constraints on growth.

TSAI FAMILY

What next?

The Tsais could use a new investment idea. Up until now, plays on astronomically priced Taiwan real estate have been a big kicker for life insurance companies in Taiwan, especially the largest—Tsai Wan-lin's Cathay Life (assets under management, $7.2 billion), of which Tsai owns 65%. But the Taipei legislature is working on a new law that's expected to cut the percentage of assets insurance companies can invest in real estate to 25% from 33%. It's yet another move to reduce the head of investment steam in Taiwan real estate.

Excellence Magazine

Tsai Wan-lin

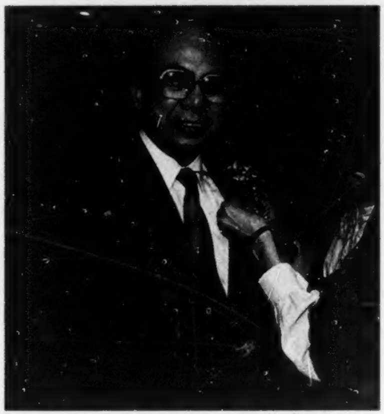
Until now, everything's been great for Cathay Life. About five years ago, when prices were in a trough, Cathay had the cash to pick up bargains. And Tsai did so with enthusiasm. Cathay continues to grow strongly: Premium income rose to $2.4 billion last year from $1.8 billion in 1988—over 50% of the market. And Taipei has started to allow some U.S. companies in.

Yet there are signs of caution. Cathay Construction—Tsai owns 60%—is Taiwan's largest nongovernment construction company. But its growth has slowed because it apparently has not been replenishing its own land bank. Could be the Tsais are too busy looking for the next major opportunity.—**William Heuslein**

DR. SHI H. HUANG AND FAMILY

There was a doctor in the house

☆ In 1978 the Chinese neurosurgeon at Washington University and the V.A. Medical Center in St. Louis got a call from Taiwan. His father was dying and the doctor was needed to take over the family business—one of the largest producers of motorcycles and automobiles on the island. Dr. Shi H. Huang had trained in neurosurgery, not motorcycles, and practiced for a quarter-century in Japan and America. But the Confucian ethic of duty to family is strong. So to motorcycles he went.



Shi H. Huang

Excellence Magazine

Back in Taiwan, he found himself not just burying his father but in a power struggle with his father's old cadre of executives. It was brief: They knew the ropes, but he had control and forced them out.

Today, Dr. Huang, 64 and a new member of the billionaire class, is 12 years into his second career and running one of Taiwan's largest industrial and investment groups. Holding company Ching Fong Investments' interests range from making and selling Honda cars and motorcycles (under exclusive license) to financial services and trading. Privately held San Yang Industry Co. (the Huang family owns around 65%) makes the Hondas; 1989 net profits were $73 million. Nan Yang Industries is the main distributor: It earned $22 million.

Ching Fong also controls $2.2 billion (1989 assets) Cathay Investment & Trust Co., Ltd. Cathay got caught in the notorious Tenth Credit Cooperative banking scandal that shook Taiwan's banking system. In 1985, with Cathay near collapse, the government stepped in. Three years later it persuaded Huang to take over Cathay. He holds 50%; in 1989 it made $98 million. Ching Fong also has interests in construction, high technology and venture capital. It all traces to Shi Huang's father, C.C. Huang, who started a 10-person factory for bicycle lighting sets in 1954. Honda motorcycles came in 1962, and cars in 1969. But it was C.C.'s son, not his factories, that proved his most valuable asset.—**William Heuslein**

KOREA

CHUNG JU-YUNG AND FAMILY

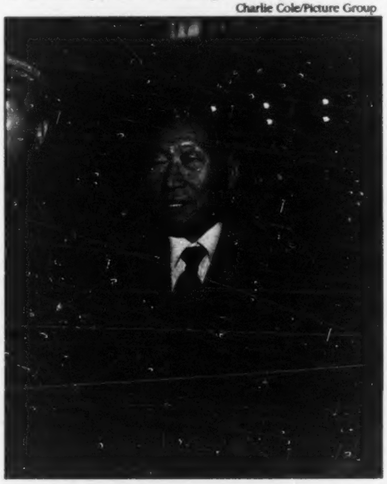
Modern times

Hyundai in Korean means "modern times." For Chung's Hyundai, Korea's second-largest *chaebol* (conglomerate), modern times has meant labor trouble, but things may be looking up. In this year of tougher government policy and a less robust economy, Hyundai's labor conflicts have been considerably milder than in any of the last three years. Settlements came fast, amounted to a relatively modest 7.5% increase, and much less production was lost.

Hyundai's unions are the largest in the country and its management one of the most unyielding. Honorary chairman and founder Chung Ju-yung, 74, who started Hyundai after World War II, forged the sprawling group with an iron fist. The paternalistic Chung ruled (as opposed to managed) Hyundai's work force. Nominally retired, he still runs the show behind the scenes. But the rise of the labor movement in Korea has cut deeply into his ability to rule.

This is especially important now, when Hyundai is facing tougher international competition in a tougher economic environment and is making an important push into petrochemicals. Traditionally, the government lets a few companies into a new industry, then closes the door and gives the lucky ones preferential treatment. Evidently, the Chungs badly want in,

Charlie Cole/Picture Group



Chung Ju-yung

badly enough to live with expected short-term overcapacity—eventually, they figure, growing demand would outpace permitted supply. But it all adds up to more pressure to keep down current costs like wages.

Considering this volatile mix, Hyundai's relatively tame settlements—in line with other *chaebol* experience—look like a good augury for Korea.—**William Heuslein**

KOO FAMILY

Power plays

The Koos, along with their relatives by marriage, the Huh family, have a lot of rethinking to do at their Lucky-Goldstar Group. Especially dependent on exports, the group is suffering from the cheaper yen (competing Japanese goods are more attractive) and rising Korean labor costs. Lucky-Goldstar has catching up to do on R&D, product development and improving its manufacturing. L.S. Hwang, of Prudential-Bache Securities in Seoul, worries about "the investment willingness of Goldstar to survive as an electronics company in the more turbulent 1990s."

Koo Cha-kyung

The group's other pillar is petrochemicals, in which it is Korea's biggest. But Seoul is opening the petrochemical industry; overcapacity looms in a key profit producer.

The Koos brought in McKinsey & Co., which apparently recommended emphasizing services rather than manufacturing. But perhaps as important, it recommended pushing decision making further down the line. This means assorted Koos and Huhs would have to delegate power. Currently, power revolves around Chairman Koo Cha-kyung, 66, eldest son of the group's late founder; he has been turning control over to his own eldest son, Vice Chairman Koo Bon-moo, 45. The Koos and the Huhs are not following the McKinsey power-delegation proposal entirely, a decision they may come to regret.—**William Heuslein**

LEE FAMILY

Keeping up with Jones-san

The Lees' Samsung Group is Korea's biggest, best-regarded *chaebol.* It hires carefully, has a reputation for top pay and has the fewest labor problems of the major *chaebol.* But Samsung is striving to catch up with its Japanese competitors as it, like the rest of Korea, moves from labor-intensive businesses into high-tech, capital-intensive manufacturing. Among other things, Samsung has become one of the top four producers of memory chips in the world.

Samsung is seeking cheaper capital, which means looking overseas. It has had to borrow at around 16% in the local market, whereas Japanese competitors borrowed at 7%. As one source puts it, "That's killing them."

Samsung Electronics, one of the stars of the group, has long planned an international bond issue. But the Tokyo crash, Korean labor unrest, a coming Euromarket oversupply and knowledge that Korea plans to open up much more to direct investment in 1992 have weakened demand. Samsung's price now would not look good compared with rival Hyundai, which borrowed at very favorable terms in February. Rather than lose face, Samsung postponed its issue.

Running Samsung (Korean for "three stars") is late founder Lee Byung-chull's third son and handpicked successor, Chairman Lee Kun-hee, 48. Influenced by Japan, where he was educated, Lee has a lot of investment planned, especially in R&D. He is determined to make Samsung competitive with Japan. —**William Heuslein**

SHIN KYUK-HO, a.k.a. TAKEO SHIGEMITSU

Accumulate at leisure

Shin's sprawling $1 billion complex near the Olympic Stadium in suburban Seoul is a monument to the rise of the Korean consumer. It houses the world's largest indoor amusement park, plus hotels, a sports center, department stores and scores of shops.

Shin's Lotte Group starts construction this year on a new hotel and shopping complex in Pusan, Korea's second city. And he's awaiting approval on a 100-story hotel/leisure complex next to the mammoth Lotte World in Seoul. Like Henry Ford, Shin has run ahead of the trend to shorter work weeks, higher real wages and greater disposable income. Leisure- and consumer-oriented businesses bulk ever larger in Korea's economy.

Korean-born Shin, 67, started his estimated $7 billion to $8 billion fortune in Japan, where he uses his Japa-

H. Edward Kim

Lee Kun-hee

Shin Kyuk-ho

Zaikai

nese name, Takeo Shigemitsu. An aspiring novelist turned engineering student, he built on his post-World War II success in chewing gum by expanding into confectioneries, and invested much of the profit in extensive real estate holdings. In 1967, after diplomatic relations between Japan and Korea were finally normalized, Shin launched a Korean version of his thriving Japanese empire.

Though now one of the ten largest Korean business groups, Lotte doesn't follow the pattern of the all-embracing *chaebol*. His consumer, petrochemical and real estate empire is a multibillion-dollar bet that Korea, too, will be a rich, first-world nation.—**William Heuslein**

HONG KONG

ROBERT MILLER

Duty free croppers

Just when Bob Miller and his partner Chuck Feeney thought they'd gotten the patent on duty free shopping success, the chemistry changed. The two American entrepreneurs are 40%-apiece owners of Duty Free Shoppers Group Ltd.; with over $2.5 billion in sales from around 160 duty free and duty paid airport and downtown stores in the U.S., the U.K. and the Pacific, it's the world's largest retailer of its kind. (Feeney is a U.S. citizen and appears in the Forbes Four Hundred; Miller holds a British/Hong Kong passport and lives in Hong Kong.) Their shrewd assessment of Japanese gift-buying psychology, backed by the strong yen and virtual monopoly concessions in prime locations, assured profit margins of up to 20% in the past.

Robert Miller

But lately the yen has dropped; this and reform of Japan's sales tax have narrowed the gap between overseas and domestic prices to Japanese shoppers. The competition's catching up, too. In 1989 DFS lost the bidding for the San Francisco airport concession to U.K.-based Allders International. In 1988, DFS grossly outbid competitors—by about $700 million—to hang on to Honolulu, the most prestigious duty free spot of all. Late last year DFS did a smaller but expensive repeat in Singapore. A longtime former employee of DFS says overbidding has reduced DFS' margins; he says they are under 10%.

Meanwhile, nations like Taiwan and Korea now want to operate their duty free concessions themselves. DFS has started going partners—in Hong Kong and Singapore, for instance—and is looking to become suppliers to the ones it can't own.

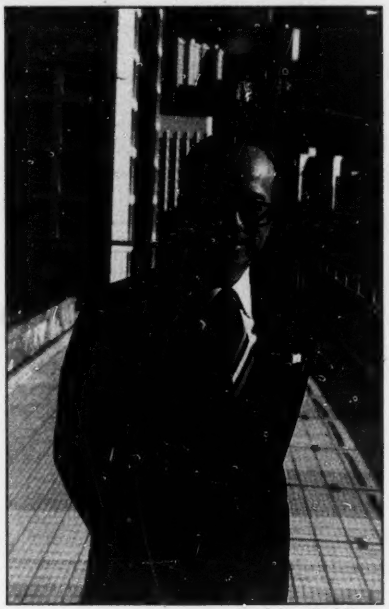
By now, Miller has built up big investments outside of DFS. A dapper 57, he lives flamboyantly with his wife and two daughters in a lavish home on Hong Kong Island, playing with investments in the PRC, real estate and banking in Hong Kong.—**Manjeet Kripalani**

LI KA-SHING

Doing the Hong Kong Shuffle

Li is planning for a future with—or without—Hong Kong. His publicly traded Hutchison Whampoa Ltd., one of the colony's oldest hongs (trading houses), plans to gradually reduce total investment in Hong Kong from the current 80% to 50%.

So maybe Li wasn't so disappointed when Hong Kong's cable TV monopoly went to competitor Sir Y.K. Pao—especially since Li's Hutchison is developing AsiaSat, a joint venture with Hong Kong Telecom, a subsidiary of the U.K.'s Cable & Wireless, and Citic (China International Trust & Investment Corp., Beijing's investment vehicle), due to launch this year and broadcast to all of Asia. The People's Republic may own a piece, but the satellite will be high overhead, not in Hong Kong.



Li Ka-shing

Lincoln Potter/Stock House

Y.K. Pao and Li Ka-shing will probably bang heads again come 1995, when the telephone monopoly comes up for bid. Li's Hutchison Telecom already controls half of Hong Kong's cellular and paging market. But it also has paging interests in Australia.

Hutchison Whampoa, the first hong to be taken from *queillo* (foreign) hands, made Li Hong Kong's first Chinese taipan. The man who at 13 was peddling plastic toys and working the night shift now, at 62, controls a net worth of over $1.2 billion.

All of Hong Kong is watching its shrewdest businessman, who is investing personal assets (outside his public companies) overseas. Both sons are Canadian citizens. Stanford-educated Victor, 27, spends half his time in Vancouver, where he helped engineer the $275 million acquisition of 204 acres of the 1986 Expo site. Keep an eye on him.—**Manjeet Kripalani**

SIR YUE-KONG PAO AND FAMILY

Red sails in the sunset?

Last year Sir Yue-kong Pao sold his 10% holding in Britain's Standard Chartered banking group at a reported loss of about $100 million. He also sold his 38% stake in the regional airline Dragonair. He has turned over management of day-to-day operations at his empire to his two sons-in-law,

Sir Y.K. Pao

Lincoln Potter/Stock House

Peter Woo and Helmut Sohmen. Publicly owned World International and Wharf Holdings are looked after by Woo. Sohmen runs World-Wide Shipping, Pao's 200-vessel private shipping company, reputed to be the world's largest.

The U.S.-educated Woo, a former banker like his father-in-law, is on the move. He's building an office-retail complex on Hong Kong's so-called Times Square. And a consortium dominated by Wharf Holdings won the $700 million franchise for Hong Kong's first cable television network, over Li Ka-shing *(see above)*.

But Woo is hedging with investments elsewhere: In April Wharf paid $165 million for a plum property on Singapore's Orchard Road. Wharf manages 39 Omni Hotels on the East Coast of the U.S. and will soon sign a contract to manage 67 on the West Coast for Metropolitan Life. And last month Pao's World International moved the domicile of its Lane Crawford department store subsidiary to Bermuda, far away from the People's Republic of China.

In the meantime, the influential Helmut Sohmen closely watches the political waters under his World-Wide fleet.—**Manjeet Kripalani**

CHENG YU-TUNG

On the move

Ever since 43-year-old Henry Cheng became managing director of his father's company in January 1989, it seems like New World Development Co. has suddenly become a tiger. Last year debt jumped from a normally cautious $150 million to almost $1 billion. New World bought most of Ramada Inc., sold off some Hong Kong property but increased investment in Hong Kong rental units. It teamed up with Macao casino king Stanley Ho to buy into a TV venture. And in April the Chengs took Hong Kong by surprise by announcing that the family would take private the hotel subsidiary, New World Hotels.

South China Morning Post

Cheng Yu-tung

Henry Cheng's farsighted father, Cheng Yu-tung, 64, fell off the billionaire list when Tiananmen shot down the price of his stock last year. But his stock came back. Like most Hong Kong tycoons, the Chengs are hedging their Hong Kong bets. The Ramada deal is one obvious example. The privatization decision is probably another: Five of New World's hotels are in Hong Kong, but six others are elsewhere in Southeast Asia, and by year-end seven will be in the People's Republic of China.

Other overseas assets include a 16% stake in Singapore's Suntec convention center, a share of the profits of the development of Vancouver's 1986 Expo site and a third of Houston-based Allright Auto, among the world's largest parking lot operators. In his personal life, the elder Cheng is reportedly a keen gambler who wagers on his own golf game—as well as on Hong Kong's future after 1997.—**Manjeet Kripalani**

KADOORIE FAMILY

Michael's turn?

The Kadoories are among Hong Kong's oldest families. Patriarch Lord Lawrence, 91, is as old as the company his father, Sir Elly, bought into in 1919, China Light & Power, one of Hong Kong's two electric utilities; the family's stake is worth over $800 million.

Through a 69% interest in Hongkong & Shanghai Hotels, the Kadoories—Lord Lawrence, brother Sir Horace, 87, and son Michael, 49—also own the Peninsula, one of the world's finest hotels. Unafraid of Beijing, they hold a contract to manage the deluxe Palace Hotel in that capital. But they're not taking any chances, either. There is already a Peninsula in Manila, one in New York, one due to open in Beverly Hills next year and another in Bangkok in 1993. They're actively looking for hotel sites in London, Tokyo and Ho Chi Minh City.

Frank Fischbeck/Stock House

Lord Kadoorie

Another part of the family's billion-plus is invested in off-shore interests in carpets and textiles, and in financial services.

Hong Kong benefits from the philanthropy of this old family of Iraqi Jewish extraction, which started its business as brokers in Shanghai. A lot of people are rooting for Lord Lawrence's son Michael. He is still largely regarded as an untried quantity, hidden in the shadow of his elders, but then, he comes from exceptional stock.—**Manjeet Kripalani**

KWOK TAK-SENG AND SONS

Keeping his heart in Hong Kong

Another Hong Kong businessman returning to the list in the wake of Tiananmen Square is Kwok Tak-seng. His 48%-owned Sun Hung Kai Properties is as busy as ever expanding its successful New Town Plaza integrated retail, entertainment, office and residential complexes in Hong Kong's New Territories, where many middle-income earners live.

Kwok's family came from humble origins in Canton. He initially prospered as exclusive agent for postwar Japan's YKK zippers. Seeing the desperation of the thousands of refugees from the People's Republic who flooded Hong Kong in the 1950s, Kwok in the 1960s set up a property development partnership to build affordable housing for the refugees. Thus was born Sun Hung Kai, which now has the largest land bank in Hong Kong (34 million square feet).

Kwok is spreading his public company's risks—but in Hong Kong. It has a piece of Unimix, a local garment manufacturer, and 27% of Sir Y.K. Pao's Hong Kong cable TV franchise. Sun Hung Kai is also interested in bidding on the bridge to Lantau Island, where the new $16 billion airport is to be built.

South China Morning Post

Kwok Tak-seng

Kwok, 79, never learned English, but his three sons—Walter, Thomas and Raymond—are British-educated and in the business. Their private family portfolio includes $110 million worth of San Francisco property, just in case. But their main bet is still on Hong Kong, where they've accumulated a fortune worth at least $1.4 billion.—**Manjeet Kripalani**

SWIRE FAMILY

Staying put, too

The Swire brothers—Sir Adrian Swire, 58, and Sir John, 63—control London-based John Swire & Sons. It gets 70% of its income from Hong Kong, mostly through owning 27% of the publicly traded Swire Pacific, which has been increasing activity in Hong Kong.

In real estate, the Swires favor owning rental properties in the colony instead of selling properties and cashing out. If the Swires are right, they will be sitting on extremely valuable real estate post-1997.

Topham/Image Works

Sir Adrian Swire

But the group's jewel is 51% of Hong Kong's publicly traded monopoly airline, Cathay Pacific, to which the Swires have diplomatically added 30% of Dragonair, a regional airline in which Beijing's investment arm, Citic, has a 20% holding. Through John Swire & Sons, the fifth generation also controls Coca-Cola bottling factories, Kentucky Fried Chicken franchises, 25% of the Australian cold storage market and highly profitable waste disposal companies.

The original John Swire was a small-time trader in Liverpool in the early 1800s; his son John moved to Shanghai, where his textile-import company created the foundation of the family's $1.1 billion-plus fortune. Brothers Adrian and John Swire cheer on Hong Kong. Note, however, that they live in the U.K., bet with the public's money and maintain a fallback nest egg far beyond Beijing's reach.—**Manjeet Kripalani**

INDONESIA

WILLIAM SOERYADJAYA AND FAMILY

Indonesia's other billionaire

A darling of the booming Jakarta stock exchange this year is an automotive and resource group called PT Astra International. An excited crowd oversubscribed the initial offering 26 times. "It's part of the Soeryadjaya group," notes an analyst at Jardine Fleming in Jakarta.

That explains everything. Patriarch William Soeryadjaya boosted his business with the equivalent of $1,000 borrowed from President Suharto, then an army officer, 27 years ago. But this isn't just an example of Indonesian political grease. The Soeryadjayas are respected in Indonesia for running a thoroughly professional, entrepreneurial operation.

Like other Third World business powers, $1.8 billion (sales) Astra, 76% family controlled, is a grab bag: It has half the automotive market in Indonesia; plywood exports to the U.S. and Japan; the country's largest exporter of raw material for tire rubber (to Goodyear and Michelin); rubber plantations; assembly and sale of everything from tractors to copiers to PCs. There is a privately owned financial services outfit, Summa (assets: $1.4 billion). Run by William Soeryadjaya's eldest son, Edward, Summa is in trading, property and hotel development, oil exploration, equipment leasing and consumer finance, and has ambitious plans for investing in Vietnam *(see box, p. 142)*.

William Soeryadjaya is third-generation Indonesian Chinese. Back from studying in Amsterdam in 1948, he soon grew bored with his leather factory. After Suharto's 1966 overthrow of President Sukarno, Soeryadjaya rented an old GM truck-assembly plant in Jakarta, where he assembled and sold 800 GM trucks. He later joined with Toyota, then Honda. Then Xerox offered him another business, and Astra was on its way.

Described by his sons as a "positive thinker," Soeryadjaya, now 67, has turned management over to his children: Edward, 42, once an Astra Xerox salesman who later set up Summa; Edwin, 41, a graduate of the University of Southern California; Judith, 38, prospecting for hotel development projects; and Joyce, 39, who runs part of Summa operations from Hong Kong. His role now? Replies Edwin: "Working on projects that we consider too risky, making them viable and then selling them to us—at goodwill prices."—**Manjeet Kripalani**

LIEM SIOE LIONG

Big things from working for peanuts

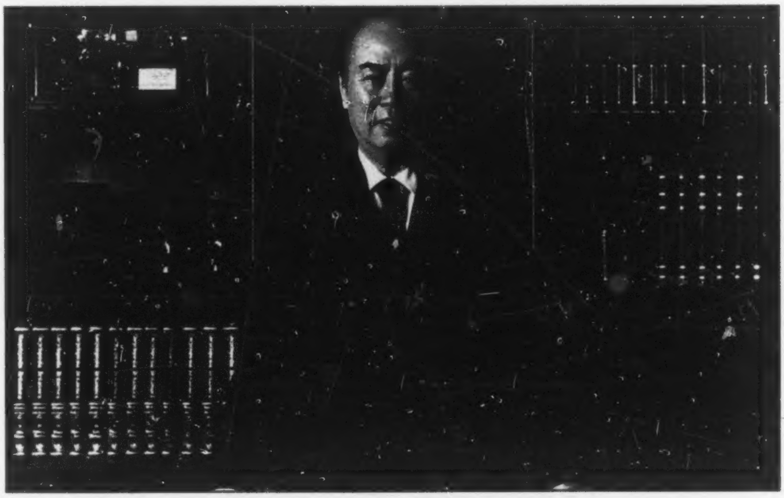
Rumors fly that Indonesia's richest businessman, Liem Sioe Liong, believed to be worth over $2 billion, will soon retire. He has ostensibly handed over daily management of Liem Group to sons Anthony and Andree. Yet Liem, 74, still puts in a 12-hour day, then finds time for jogging and 11 grandchildren. He asserts firmly: "I still have full control."

Liem emigrated to Java at age 20 to work in the peanut oil trade. By the time Suharto took over in 1966, he had close enough ties with the new leader to be granted state monopolies, starting with the clove trade. Flour, cement and steel followed. Today, Liem is most famous as Suharto's *cukong*, or Chinese financier.

Liem and other Indonesian Chinese businessmen are widely resented for their economic clout. Presidential patronage has accounted for much of the group's success, but Suharto isn't getting younger (he's 69). Last year Indocement, Liem's mammoth cement producer, which had to be bailed out with a $200 million state investment, used the stock market boom in Jakarta to go public. The public, along with U.S., European and Japanese securities houses, were not terribly eager to oversubscribe this one. But thanks to a cement shortage in Southeast Asia, Indocement just made full subscription. The stock has since done better.

Apart from his Indonesian holdings, Liem owns land in California—"lots of land," says Johannes Kotjo, executive director of Liem Group—along with three private U.S. banks and a majority of Hong Kong-based international investment company First Pacific Co.

If the Liems choose to emigrate again, they won't go to work for peanuts.—**Manjeet Kripalani**



Liem Sioe Liong

MALAYSIA

ROBERT KUOK

Meet the "Sugar King"

Perhaps one of the most private billionaires in Southeast Asia is Robert Kuok, 67 and new to our list this year. Malaysia's "sugar king" is its best-known international businessman and wields heavy influence inside the country.

The Hong Kong-based Malaysian citizen presides over a hotels and trading empire stretching from Singapore to the People's Republic of China to Fiji. His holdings, estimated to be worth over $1 billion, include: his flagship company, Perlis Plantations in Malaysia (sugar, flour); the deluxe Shangri-La hotel chain; and substantial holdings in two major Hong Kong TV stations, TVB and TVE. From Hong Kong Kuok's private Kerry Trading runs a brisk trade in oil and rice; there are property development portfolios across the ASEAN region and shipping fleets. In the last year alone Kuok has invested at least $200 million to build four Shangri-Las in the Philippines, making him currently the second-largest property developer in that country.

Kuok's background is solidly middle class—his father was a merchant from China—but the senior Kuok provided his children a first-class education. Robert Kuok attended prestigious English College in his hometown in Johor state, and Raffles College in Singapore, where that country's prime minister, Lee Kuan Yew, was a contemporary. By age 26, he and brother Philip were running Kuok Brothers Sdn Bhd in Johor Baharu, trading in rice and sugar.

A series of coups on the commodities markets in the 1960s earned him the title of "sugar king"—and profits enough to expand into property and industry. In 1971 the first of the Shangri-Las opened in Singapore.

While Kuok is fiercely nationalistic—he is politically well connected in Malaysia and reputed to be close to the powerful sultan of Johor—he is also staunchly Chinese. Like many loyal overseas Chinese, he has turned toward the mother country after success in his adopted land. Kuok has five hotels already in China. (Two hotels are near Tiananmen Square; business has been slow.)

Kuok is currently interested in developing land around a reported $500 million project for a second bridge connecting Johor to Singapore. "Robert tends to be the dominant figure," says a senior executive of the Kuok Group in Hong Kong.

Dominant figures don't like to quit.—**Manjeet Kripalani**

SINGAPORE

LEE FAMILY

The blood runs thin

The Lee brothers—Lee Seng Wee, Lee Seng Tee and Lee Seng Gee—are the ultimate in Singapore's old money crowd. They control the venerable Oversea-Chinese Banking Corp., the third-largest in Singapore;

the Lees have an estimated 30%, worth over $800 million. Singapore's richest family also has stakes in about a dozen Singapore blue chips. They are extremely influential and highly charitable. "The family believes they are investors rather than managers," says a Singapore analyst.

Also like old money—but unlike group founder Lee Kong Chian—the Lees are risk-averse. The founding Lee aggressively bought thousands of acres of rubber estates and vacant property in Malaysia and Singapore during the 1930s Depression and built the family's fortune—first rubber, and later palm oil and pineapple plantations now worth hundreds of millions. A lot is in Malaysia, where land is now becoming attractive to space-starved Singapore investors. The family bank is also a significant presence in Malaysia.

The third Lee generation is coming along. With it the Lees are producing doctors and journalists. Only one, Lee Seng Gee's son, is in the family business.—**Manjeet Kripalani**

Lee Seng Wee

Dilip Mehta/Contact

Perestroika east

Hong Kong's Cheng Yu-tung and the Kadoories, Indonesia's Soeryadjayas—what do these billionaires see in Ho Chi Minh City? Maybe Asia's next boomtown?

Bangkok, Kuala Lumpur and Jakarta are surging. But Saigon and Vietnam were held back by communism, decades of war and the U.S. trade embargo. Two years ago, farmers were allowed long-term leases on land. Within 18 months Vietnam was the third-largest rice exporter, after Thailand and the U.S. Foreigners could get 100% equity deals and repatriate profits; now there are 150 foreign joint ventures valued at $1 billion.

"Vietnam will be rebuilding from scratch," says Indonesia's Edward Soeryadjaya, who wants in "before the U.S. lifts the embargo and the multinationals come in." His Indovina Bank has been in Saigon since 1988; his Summa group plans a resort near Saigon and a second Vietnamese airline.

Aside from oil and gas, the largest deal would be Saigon's tallest building, a 15-story, $40 million, 600-room "grand luxe" hotel. The Chengs' New World group hopes to begin construction soon. The Kadoories also plan three-star hotels and office buildings.

Vietnam has 67 million people, compared, say, with France's 56 million. The Vietnamese are eager to improve their lot. English is much spoken. And Hanoi cuts deals now. Foreigners cannot buy land, but can lease it for up to 20 years. Infrastructure is nonexistent; almost everything, even cutlery, has to be imported. Vietnam is considered a bad risk by bankers, so investors must put in their own cash. But from such primitive conditions handsome rewards sometimes flow.—**Manjeet Kripalani**

Bill Wassman/Stock Market

Rex Hotel (left), City Hall (right); Ho Chi Minh City

KWEK/QUEK FAMILY

Face loss

In the 1960s the Kweks ran afoul of the government for tax evasion. Then, last year, Kwek Hong Png, 78, family patriarch and empire founder, was arrested on charges of abetting a relative in corrupt land transactions. A hearing is set for August.

This caused loss of face and of net worth. The group's City Development stock dropped by almost 25%; construction of the 63-story Republic Plaza office tower in downtown Singapore halted before it had even begun; and forget much-wanted banking licenses.

It hasn't, however, taken the family off the billionaire list. Combine their cousins the Queks in neighboring Malaysia (the "Q" was misspelled and stuck), with this hard-nosed Singapore family that made its money on the belief that land "yielded gold," and you get at least $1.2 billion.

Kwek Hong Png, who fled China in

Straits Times

Kwek Hong Png

1928, and his lawyer son Leng Beng control a real estate, hotel and finance empire from Singapore. From Kuala Lumpur, Quek Leng Chan, the 47-year-old barrister from London's Middle Temple and Hong Png's nephew, runs a separate, fast-growing group. Last year Quek's 35%-held Dao Heng Holdings joined the Kuwait Investment Office and Taiwan's Shi Huang *(which see)* to acquire Hong Kong's big Hang Lung Bank.

So far each of the two families has stuck to its own turf. But Leng Chan's 1988 acquisition of First Capital Corp., a finance company in Singapore, could possibly start a little family competiton—or cooperation, perhaps?—**Manjeet Kripalani**

INDIA

BIRLA FAMILY

"In competition we thrive"

Competition doesn't bother us," insists Aditya Birla, the 46-year-old MIT graduate who presides over the cream of the Birla companies. "In competition we thrive."

The family is soon to be put to the test. The Birlas have been longtime Congress Party supporters, able to obtain near-monopoly licenses in core industries. But the climate is changing. Although Rajiv Gandhi is out of office, many of his reform policies remain. The government is simplifying rules and easing restrictions. Upstart entrepreneurs like Abhey Oswal of Oswal-Agro, an agrochemicals producer, have recently wowed the investing public with big capital issues.

Terry Kirk/Financial Times

Aditya Birla

The Birlas, too, are tapping the new public markets. Last year Aditya Birla's Indo Gulf Fertiliser floated a $500 million issue, twice as large as Oswal's. Both were fully subscribed.

The Birlas enter the new era from commanding heights. The family's 200-plus companies (nearly 60 of them listed) span the economy—aluminum, shipping, cotton, autos, chemicals, agro industries, paper, publishing. Group revenues in India are at least $3 billion. Aditya's dozen companies overseas, mostly chemicals and textiles in Southeast Asia, have sales of $1.2 billion.

Of the four male cousins in the current generation, Aditya was the favorite of his grandfather, group founder G.D. Birla. After G.D.'s death in 1983, the business was divided and Aditya wound up managing 45%. Reports of serious antagonism inside the family abound, but when cousin Ashok died in a plane crash earlier this year, Aditya took on the grooming of Ashok's son in business.—**Manjeet Kripalani**

AUSTRALIA

KERRY PACKER

Keeping in touch

It's been an up-and-down year for Down Under's only billionaire. Packer, 52, was partners with Jimmy Goldsmith and Jacob Rothschild in their $14 billion bid for B.A.T Industries. It failed. Back home, deflated millionaire Alan Bond defaulted on $155 million in preference shares held by Packer, who had sold his TV stations to Bond in 1987 for $840 million. Packer converted his shares into a majority of the common stock, a stake now worth some $30 million, and he controls his stations again.

On a happier note, Livonia, Mich.-based Valassis Inserts (1990 estimated revenues, $575 million), one of the three biggest U.S. coupon distributors, has recovered. Packer bought the profitable company for an estimated $400 million in 1986; price wars two years later had flattened sales and curtailed earnings.

Packer has very deep pockets. Mostly using an inherited 12.5% stake in Consolidated Press Holdings, which publishes 70% of Australia's magazines, he took the company private and has expanded into chemicals, natural resources (Muswellbrook Energy & Minerals), livestock and cotton, and engineering. In 1989 he bought a controlling 48% of conglomerate Australian National Industries. The company has since reduced debt by about 80%, and Packer's stock is up 16%, to some $350 million.

A hands-off manager, Packer picks top execs carefully. "If you got a billion dollars, why do you want to come in at 7 a.m.?" says one insider, adding: "He might be on a polo field all day, but he bloody well keeps in touch with key people." FORBES estimates he's got at least $1.5 billion to keep in touch about.—**Katherine Weisman**

Oliver Strewe/Wildlight

Kerry Packer

JAPAN

JAPAN INDUSTRY

HIROSHI YAMAUCHI

The billionaire behind Nintendo

Lurking inside the Kyoto headquarters of $1.6 billion (sales) Nintendo Co. Ltd. is master gamesman Hiroshi Yamauchi, who has captured 90% of the U.S.' videogame market and 85% of Japan's. Exports are now around 70% of sales.

Nintendo was started by Yamauchi's great-grandfather in 1889 as a manufacturer of Japanese playing cards known as hanafuda. Hiroshi took over in 1949, at age 22. In the early 1970s he pioneered electronic toys in Japan. Just as the Atari generation of videogames was starting to collapse in 1983, Yamauchi introduced his now familiar, far superior Nintendo games. The rest is history. The company's stock rocketed. Hiroshi's 11.4% stake was recently worth $2 billion.

Zaikai

Hiroshi Yamauchi

Yamauchi, now 63, talked to FORBES but spoke mostly in generalities. "The software must be interesting," he said. Thanks, Hiroshi. But underlying his success is a carefully thought out system of tight controls to minimize the risks of being sandbagged by the fickle whims of videogame fans. All games, even if designed abroad, are manufactured within 20 minutes of headquarters, where production can be watched and secrets kept. Favorite industry lore tells of Nintendo engineers getting locked in at night behind electronic doors meant to keep games safe from prying eyes. Yamauchi rarely visits the U.S., but son-in-law Minoru Arakawa keeps close tabs from Seattle. "They have very good expense control," says S.G. Warburg's Chuck Goto.

The most important control of all is over sales. It was a flood of cheap, ill-designed games that killed the first videogame boom in the U.S. Hence Nintendo's proprietary "lockout" chip keeping unauthorized cartridges off its machines. Industry sources say the company hypes demand by limiting the supply of some games. Yamauchi: "We can't make such accurate predictions of what will sell."

Nintendo's sober president attributes his success to luck, not acumen. His daughter recalls hearing him talk about the company's less glorious past when she was growing up. But Yamauchi is looking ahead. Nintendo will start selling a 16-bit game machine in Japan in November (competitors already offer them; the familiar Nintendo is a much simpler 8-bit computer). The 16-bit games will come to the U.S. when sales of the older games start to slow. Yamauchi is also pushing into Europe with "Game Boy," a portable model already familiar to American parents.

Beyond that lies the adult market. Nintendo started selling home banking, stock brokerage and home shopping services in Japan—using the familiar Nintendo game machine as a home terminal. A similar U.S. system is being discussed with AT&T and Fidelity Investment Services of Boston. If this catches fire, mom and dad may be making moves in the game of Life on Junior's set, and Yamauchi may one day be out of the toy business.—**Gale Eisenstodt**

SAITO FAMILY

Paper billionaire

Ryoei Saito knocked the art world on its ear in May by bidding over $160 million for van Gogh's "Portrait of Dr. Gachet" and Renoir's "Au Moulin de la Galette." He's a plunger in business, too. The 74-year-old paper magnate's family dominates Daishowa Paper Manufacturing Co. Founded by his father, Daishowa is Japan's second-largest paper manufacturer (after longtime rival Oji Paper) and its most aggressive acquirer of paper and pulp manufacturing facilities in the U.S. and in Canada.

AP/Wide World

Ryoei Saito

Binge buying got the company in trouble in the past and may be doing it again. In 1981 a rash of investments burdened the company with debt. Its main creditor, Sumitomo Bank, took control. To repay loans Saito was forced to sell off much of his art collection, golf courses and other treasured assets.

In 1983 Saito severed ties with Sumitomo and in 1985 fired a brother, Kikuzo, who reportedly had sided with the bank. At the time, Kikuzo told the Japanese press that Ryoei borrowed large sums of money from publicly held Daishowa to fund personal purchases. The company declines to comment.

Now, Daishowa's balance sheet is

starting to look messy again. The company's recent rash of acquisitions abroad and heavy capital investments at home are loading on fresh debt; debt now comes to about $2.5 billion, a 67% increase in two years. Last year the company earned $54 million on revenues of $2.4 billion. Meanwhile, the Japanese paper industry is suffering from overcapacity and higher raw materials costs, so any benefits will be long term. And unlike most publicly traded Japanese companies, Daishowa no longer has a main bank to see it through hard times.

The Saitos control around 20% of Daishowa, with other assets worth about $1 billion. Ryoei is honorary chairman, a brother is chairman and his eldest son is president. Seven family members sit on the board.—**Gale Eisenstodt**

AKIO MORITA

The acquirer who can say "yes"

Sony, the famous consumer electronics company Morita cofounded and still leads as chairman, raised a storm in America last fall when it bought Columbia Pictures for over $3 billion—the largest-ever Japanese takeover in America—after buying CBS Records for $2 billion in 1987.

Then Morita was all over the headlines again, accused of "America-bashing" as coauthor of a controversial book, *The Japan That Can Say "No."* The book, still a bestseller, was intended solely for circulation in Japan, and became a serious embarrassment for cosmopolitan Morita.

The CBS and Columbia acquisitions will transform Sony. The consumer electronics industry in the U.S. and Japan is maturing. But demand for the "software"—the sounds and images the hardware will reproduce—is expected to grow at 15% a year. Morita has big plans for Sony's new videocassette players and high-definition television sets. But his plans for the entertainment software are even more ambitious: Already the latter, according to Japan's Daiwa Research, accounts for about 25% of Sony's total sales. The Tokyo market likes this, and values "maturing" Sony high enough to make the Morita family worth $1.1 billion.—**Nobuko Hashimoto**

Dennis Bud Gray/Picture Group

Akio Morita

MASATOSHI ITO

Japan rescuing America

When Ito-Yokado, the Japanese retail giant, was first getting into the convenience store business, its mentor was Dallas-based Southland Corp., operator of the familiar 7-Eleven chain. Now Southland is looking to Ito-Yokado to bail it out of an overleveraged buyout whose junk bonds are in default.

Robert Wallis/J.B. Pictures

Masatoshi Ito

It looks like just another Japanese conquest in America. But it's also part of a trend to globalization in retailing. If Ito-Yokado does capture Southland, it will pick up more than the 6,918 U.S. and Canadian stores: Southland's worldwide chain reaches to Hong Kong, Taiwan, Australia and Europe. Ito-Yokado comes into the U.S., companies like Toys "R" Us try to get into Japan. But they will have to bull their way past Japan's notorious Large-Scale Retail Store Law.

At 66, Masatoshi Ito has proven himself a brilliant if cautious retailer in the home market. In Japan, it can take several years to do proper market research. Ito-Yokado staffers spend at least a year getting to know the needs of local people, even living in the area, before opening a new store. The group runs 138 Ito-Yokado supermarkets, 4,012 7-Elevens (58 in Hawaii) and the Denny's Japan restaurant chain. It reported a $390 million profit in the last fiscal year. The stock held by Ito and family is worth about $1.9 billion. Any American coming in better suppose these Japanese know what they're doing.—**Hiroko Asami**

TAKENAKA FAMILY

Your grandchildren's home?

The Takenakas, leading builders in Japan since the 17th century, have a modest little plan to relieve Tokyo's overcrowding and brutal commutes: a single, giant building that could house 135,000 tenants.

"Sky City 1000" would be an entire city-size community in a structure 3,300 feet high. The mammoth structure and surrounding grounds would hold office space, housing, banks, schools, theaters, parks and hospitals. High-speed elevators and a monorail would carry people up and down or about the building within minutes. Newly designed systems would supply it with energy and water. Takenaka Corp., the family company, estimates it would take 14 years and $31 billion to build one. To test some of its science fiction ideas, the company is putting up a more familiar-size building in Chiba this fall.

Meanwhile, Japan's premier builders—they built famous landmark Nagoya castle centuries ago—have plenty to keep them busy. Abroad, a resort hotel in Kauai island, Hawaii is going up; in Japan, a 37-story tower in Osaka, and a newly completed building in Hiroshima. All of which are expected to generate some $60 million to $100 million in yearly rents. Although Takenaka Corp. is an old-line family company, it introduced Western building methods in Japan. Its 47-year-old President Toichi Takenaka got his M.B.A. at Michigan State University, and obviously, some new ideas. Which is how the Takenaka family comes to be worth an estimated $3.9 billion.—**Nobuko Hashimoto**

Zaikai

Toichi Takenaka

MURATA FAMILY

Cycle, countercycle

Well known in the U.S. market for its $500-and-under fax machines, Murata Machinery is still relatively obscure at home, even though this old-line textile machine maker from Kyoto began making facsimile machines in 1973. It was the idea of President Junichi Murata, now 54, who wanted a product with a different business cycle.

Today, however, Murata is encountering severe price-cutting in the U.S. In Japan it is struggling to compete with giants like Sharp, Ricoh and Canon, which are also producing low-priced faxes. To stay competitive, manufacturers have to upgrade products and move on to the next generation—so-called G4's that produce a page in four seconds instead of a minute, with sharper images, and on plain rather than thermal paper.

Europe still remains a promising new market, and faxes are owned by only about 2% of Japanese households, where retailers say they hope one day to make a fax as commonplace as a phone. But it's still unclear what survival strategies the Murata family will adopt in faxes.

Junichi Murata

Robert Wallis/J.B. Pictures

Ironically, Murata's old business, textile machinery, is doing well. Altogether, private Murata earned $82.6 million last year, up from $49.3 million the year before; at current Japanese valuations, it is worth an estimated $4.6 billion.—**Nobuko Hashimoto**

KANICHIRO ISHIBASHI

Indigestion

You know Bridgestone is worried: It sent Chairman Teiji Eguchi to Akron, Ohio in January for an indefinite stay to resolve problems there, instead of fielding all those panicky late-night phone calls to Tokyo.

When Kanichiro Ishibashi, whose family founded Bridgestone and still holds at least 12%, huddled with top Bridgestone executives to discuss the purchase of Firestone Tire & Rubber two years ago, he probably never imagined the problems that were in store. Bridgestone's 1989 earnings declined 76%, to $64 million on $11 billion in revenues.

The big reason: Fixing Firestone's inefficient plants is turning out to be very expensive and time-consuming. General Motors, once a major customer of Firestone but not famous for its love of things Japanese, drastically reduced tire orders. Anyway, the U.S. tire industry is suffering from overcapacity and price wars. Bridgestone recently offered early retirement to 3,400 of its U.S. workers. Analysts say plant closings are a possibility.

The company predicts profits will rebound to $130 million this year. Japanese investors are evidently willing to accept this very optimistic view. They price the stock only a hair below where it was last year. The Ishibashi family's stock and real estate holdings are still worth over $1 billion—for now.—**Gale Eisenstodt**

MURAYAMA FAMILY

Why the newspapers read alike

In Japan, government and business news frequently flows through chummy little groups called *kisha* clubs—a sort of organized symbiosis between the reporter and the institution he covers. The institution supplies a room for reporters to work from

Toshi Matsumoto/Sygma

Kanichiro Ishibashi

and the information they are expected to report. Journalists on rival papers share the material.

The bureaucrats, politicians or businessmen have guaranteed access to journalist-club members who develop a certain loyalty to their sponsors. Thus, the Japanese saying, "Nobody's scoop is everybody's happiness."

The record of *Asahi Shimbun,* Japan's second-largest paper, is, to be sure, a bit better than most. The Recruit scandal that toppled several of Japan's top politicians was exposed by an *Asahi* reporter. But most of *Asahi*'s reporting is rather familiar to readers of other Japanese newspapers.

However tame the Japanese system by American standards, it surely doesn't lack for profits. *Asahi* does well enough to keep the Murayama family, with its 45% of the paper's stock, worth at least $1 billion.

Michiko Murayama and Junichi Ueno, descendants of the company's founders, jointly hold the position of "owner," but it is strictly an honorific title. In 1963, when the Murayamas refused to confirm a managing director who opposed family plans, the employees pooled their stockholdings with the Uenos'. The Murayamas, these days, seem to have learned their place. Alas, so have Japan's reporters.—**Gale Eisenstodt**

Keizo Saji

Philip J. Griffiths/Magnum

KEIZO SAJI AND FAMILY

Now they're even buying our water

His beer may be flat, but Keizo Saji's Japanese whiskey and American branch water are going gangbusters. Last year's revision of the Japanese Liquor Tax Act looks to be a bonanza to Suntory, Japan's biggest distiller, of which the Saji clan owns nearly 90%. Taxes on the premium liquors that make up 50% of Suntory's whiskey sales were slashed. One result: Premium sales jumped 30% last year.

But the beer business has apparently leveled off. By contrast, its nonalcoholic beverages and food operations are growing well. In the U.S., Suntory has moved aggressively into the most nonalcoholic beverage of all: water. Saji bought New Orleans-based Kentwood Spring Inc., in 1985. All told, Suntory has invested over $190 million to acquire seven mineral water companies. Now Suntory Water Group is the largest bottled-water enterprise on the East Coast and third in the nation, with a 6% share of the U.S. market.

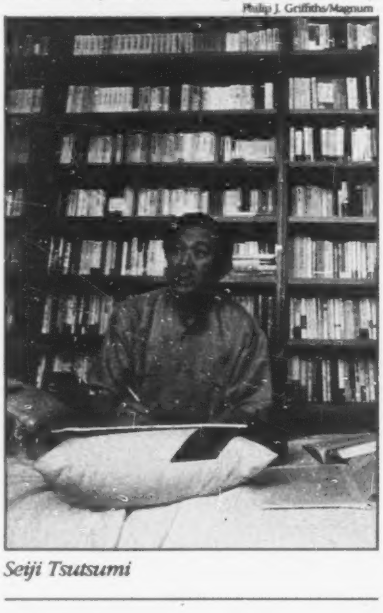
Having added branch water to the whiskey and beer, and taken Suntory global, Keizo Saji finally handed the presidency to nephew Shinichiro Torii in March and kicked himself upstairs to chairman. Torii, 52, is the son of the eldest son of Suntory's founder. Where will the inheritor take the company? One hint: His favorite drink is beer.—**Hiroko Asami**

SEIJI TSUTSUMI

Walk abroad, carry a good image

Seiji Tsutsumi, 63, continues to expand his foreign holdings. Last July his Saison Group bought a 10% stake in Voyager Travel Holdings, the company that controls Virgin Atlantic Airways. The tie-up, revealed only recently, is just one part of Tsutsumi's vision of creating a global travel services network. In 1988 he bought the big Inter-Continental Hotels Corp., later selling 40% to Scandinavian Air.

Philip J. Griffiths/Magnum



Seiji Tsutsumi

Back home he seems mainly to tinker with the 100-plus-company group he has built. It is Tsutsumi's vision that unifies the group's far-flung activities. Day-to-day operations are generally left to others, even at the major Seibu Department Store, the first company in his business empire.

His half-brother, Yoshiaki *(which see),* who has come under sharp criticism in the Japanese press, could learn a lot from Seiji, who's carefully cultivated a positive public image. "He likes to be known as a poet and a novelist," says an acquaintance. Seiji is a patron of the arts both in Japan and overseas. He also likes to convey the impression he's a democratic manager.

But it's unlikely Yoshiaki will call on Seiji for advice. Their father left the bulk of his wealth to Yoshiaki, the son of a mistress. Little beyond the Seibu Department Store went to Seiji, the legitimate son. The half-brothers are said to have been feuding for years.—**Gale Eisenstodt**

MATSUSHITA FAMILY

A family affair

When the founder of Matsushita Electric Industrial, Konosuke Matsushita, died in April of last year at the age of 94, he left behind one of the largest visible estates in recent Japanese history: $1.6 billion exposed to the taxman, four times the previous record. Nearly all was stock in Matsushita Group companies.

Almost half went to his 98-year-old widow, Mumeno. The rest was divided among his daughter, Sachiko, who got $290 million; her husband, Masaharu, who is also chairman of Matsushita Electric Industrial, $290 million; and four other children, apparently by mistresses, who shared a total of $210 million. Mumeno, as a spouse, was exempted from inheritance tax, while the others paid a tax of up to 70%. Even so, the net visible inheritance totals some $1 billion.

Meanwhile the group continues to do well, particularly in communications and industrial equipment—earnings were up 10% in the year ended March 1990. Besides Chairman Masaharu, another member of the family has been moving up the corporate ladder, the founder's grandson Masayuki. At 44, Masayuki is a managing director and former head of the public relations department. Masayuki recalls his grandfather as "a very good listener, never preachy," who, though very busy, made time to listen to Masayuki's campus friends when they stopped by. It is too early to know how much the student may have learned.—**Nobuko Hashimoto**

Ethan Hoffman

Konosuke Matsushita

KENKICHI NAKAJIMA

Psst—hot stock?

"I'd say at least 100 pachinko parlor owners are now considering making a public offering," says Kenkichi Nakajima, 70, founder and president of Heiwa, Japan's largest maker of pachinko machines. Small wonder. Since Heiwa went on Tokyo's over-the-counter market in 1988, it has climbed to a price/earnings multiple of 156, making the Nakajima family's 86% stake worth $8.4 billion.

Kenkichi Nakajima

Robert Wallis/J.B. Pictures

Pachinko, a game similar to pinball, is big business in Japan: Some 15,000 parlors with nearly 4 million machines take in $95 billion a year in receipts. Heiwa has about 30% of the machine market and employs 90 game developers.

But pachinko parlors aren't just good, clean fun. Prizes handed out at parlors, typically cigarettes, toys or other trinkets, can be exchanged for cash at nearby storefronts. Besides the gambling stigma, some parlors reportedly make political contributions, evade taxes and may have ties with Japan's criminal underworld.

Nakajima is a Mr. Clean. He says he shuns political contributions and supports a system that would make tax evasion less likely. NTT, Mitsubishi and others have formed a company to introduce prepaid magnetic cards to use instead of cash for the steel balls one buys to play the game. That would help police pachinko parlors.

"Credit cards and telephone cards are now popular in Japan, and pachinko should not be left behind in joining this trend," says Nakajima of the idea.—**Gale Eisenstodt**

HISASHI ISHII

Do as he says? Or as he does?

Tachibana Securities, the well-known brokerage house Ishii founded, has a reputation among brokers for strong research. So Ishii made headlines recently when he issued a scary forecast of Japan's next decade: Land prices will fall to a third or a tenth of their present levels and the nation's GNP will collapse along with the land. The main reason? The birth rate has fallen drastically. The coming severe labor shortage will raise wage levels, making Japanese companies less competitive. Moreover, higher-paid people will work less and spend more, thus lowering the savings rate and productivity that have supported Japan's high growth.

Yet this spring, while Ishii was talking stocks down, he wasn't taking his own advice. He issued new stock privately to expand still private Tachibana. He also upgraded it to a so-called *sogoshoken,* which means it can underwrite securities like the bigger houses. To qualify, he had to reduce the Ishii family interest from 81% to under 50%. He now holds some 49% of the firm, a stake worth an estimated $1.5 billion, down from $2.6 billion last year. At 67 Ishii has made a sizable bet with his family's net worth

Zaikai

Hisashi Ishii

that Japan will continue to be a big, profitable market for newly underwritten securities. Do as he says? Or as he does?—**Nobuko Hashimoto**

SHIGEKUNI KAWAMURA

The easy way to buy companies

While many cash-rich Japanese companies are just discovering the benefits of M&A, Shigekuni, 61, who heads Dainippon Ink & Chemicals, is an old hand. Since 1975 the brash Kawamura has spent about $1.3 billion, acquiring 27 foreign companies in Dainippon's main businesses of printing ink and resins. Major U.S. purchases have been Kohl and Madden Printing Ink Corp., the graphic art division of Sun Chemical and Reichhold Chemicals.

In the past two years he's picked up the pace, purchasing eight more ink suppliers, including O&R of Holland and Prisma of Spain, and seven resin companies.

Kawamura thinks takeovers are easy: "I have a long-term strategy and entrust management to the locals. That's why our acquisitions are welcomed by them," he says.

Born in China and raised in California, Kawamura has always had an international outlook. Near term, he plans to acquire more resin companies in Europe—to be ready for 1992.

Shigekuni has another side: In May the Kawamura Memorial Museum of Art opened in Sakura, with more than 800 Impressionist, modern and Japanese artworks from three generations of collecting by the Kawamura family. This pays off, too. Including some $130 million of art, 17% of DIC, and some real estate holdings in Tokyo, the Kawamuras are worth at least $1.2 billion.—**Hiroko Katayama**

RYOICHI JINNAI

Exploring overseas

Promise, the company Ryoichi Jinnai founded, is the third-largest Japanese consumer finance company. Like other finance companies, it has an image problem. On Japanese TV you can still see a drama of a hapless debtor owing money to a *sarakin,* or money lender, at over 100% interest and unable to pay.

This is TV, of course, and it is a story of the past. Ever since the government cracked down in the early 1980s, consumer finance companies have been cleaning up their acts. Promise's top rate is now 29.2%, the same as Takefuji's and Acom's *(see Takei; Kinoshita).*

In part to get away from what a spokesman calls the "loan-shark image," Promise is dabbling in such new businesses as video rentals and coffee shops, and exploring opportunities overseas. It is building a golf course in Paris and recently took a stake in a Florida hotel.

Jinnai would like to take the company public. He could get access to lower-cost financing to help Promise compete against the banks and the installment credit companies that have gotten into the business. Jinnai recently sold some shares to its main creditors, including the Long-Term Credit Bank and Sumitomo Trust & Banking Co. But balance sheets are sometimes a bit easier to spruce up than images.—**Gale Eisenstodt**

Bill Bernstein

Shigekuni Kawamura

YASUO TAKEI

Image enhancement

When Yasuo Takei was looking for a new president for Takefuji, the $4 billion (assets) consumer-finance company he founded, he called on his friend, the distinguished chairman of Nomura Securities. The chairman sent over a veteran manager of Nomura's overseas division and former chairman of Nomura Finance.

Zaikai

Yasuo Takei

Takei is polishing Takefuji's image. It must still cope with popular memories of the days when consumer finance companies, formerly known as *sarakin,* legally charged interest rates over 100%. Outsiders with strong credentials can help boost his company's reputation. Another big plus: The new Nomura man has international experience and background in developing new businesses.

Competition in Japan's consumer finance industry continues to heat up, as Japan's commercial banks step up their consumer lending. Installment credit companies *(shinpan)* are also tough rivals. Takei, too, has cut his maximum rate, from 32.85% last year. And the company is introducing "specials," such as "marriage loans" at 17.5%, for Japanese lovers unable to come up with the heaps of cash required to stage a proper wedding. That, too, is meant to help the image.—**Gale Eisenstodt**

KINOSHITA FAMILY

Borrow low, lend high

☆ Money lending has always been lucrative. Particularly when the loans can be financed with low-cost funds from a big bank. That's one big reason $2.8 billion (assets) Acom Co., Ltd., Japan's second-largest consumer finance company, got to where it is. Back in the 1960s, Masao Kinoshita saw the potential in lending money when he owned a small chain of pawnshops. He started the first major *sarakin*—a company lending money to consumers who lacked bank-quality collateral.

Kinoshita developed a tight relationship with Mitsubishi Trust at a time when Japan's big banks normally didn't associate with *sarakin*. A 1978 story revealing the Mitsubishi connection created a major sensation. The government started to crack down on the business.

"We realized we had to change the way we were doing business," recalls Yoshiki Okada, a director. The company opened an office in Switzerland to obtain low-cost financing. So the Kinoshitas began diversifying into such businesses as furniture rental, and are looking at real estate overseas. Masao's son, Kyosuke, 50, is now president of the company.

Acom still does much of its borrowing from Mitsubishi Trust. Under the government's watchful eye, the company's top lending rate is now down. But business is good enough to make the Kinoshita family's 58% interest in Acom worth an estimated $1.3 billion.—**Gale Eisenstodt**

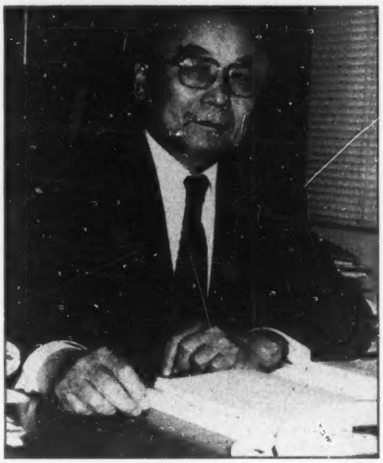
TERAMACHI FAMILY

How to channel frustration

Another new face among the billionaires, Hiroshi Teramachi, at 66 president of $430 million (sales) THK Co., Ltd., is a success story twice over. His company went public on Japan's o-t-c market last November. At current prices the Teramachi clan's shares are worth around $1.2 billion.

This is Teramachi's second success. In 1963 he took public Nippon Thompson, a company he started in the 1950s to produce a product he invented: the needle roller bearing, which could rotate at much higher speeds than existing products. Then the young entrepreneur blew it. In 1969 he tried to help an employee recover losses in the commodities market by using Nippon Thompson money to speculate in soybeans and silk. Outside stockholders forced him to sell his shareholdings and other personal assets to repay the losses. In 1970 he resigned.

"I channeled all my frustration into building a new company," he told Forbes. In 1971 he started what is now THK.



Zaikai

Hiroshi Teramachi

Teramachi, who has around 400 patents to his name, based THK on another new bearing he designed—the linear motion guide, now widely used in industrial robots and semiconductor chip production. Japan's conservative machine tool makers were leery. So Teramachi knocked on U.S. doors. He used his success in the U.S. to win customers back home.

Over the past four years the company's sales have more than doubled, to $430 million, and profits have more than tripled, to $60 million. Teramachi's THK now has over 70% of the business. Exports are currently only 10% of sales but THK is starting to push overseas again.

Teramachi still plays the market, but now focuses on shares of other bearing companies. Teramachi says he wants to establish "order"—bearings companies compete too much on price, he says. But industry insiders still recall his freewheeling past and they suspect that he is really an opportunist who just wants to make money.—**Gale Eisenstodt**

MASAHITO OTSUKA AND FAMILY

Make a luxury seem a necessity

Founder Masahito Otsuka, 73, may be retired these days, but his sons sure aren't. Akihiko, 52, has been running things for a decade, and has expanded the huge (1989 sales: $1.9 billion) Otsuka Pharmaceutical by pushing nutrition products on the health-conscious Japanese.

Alongside a stream of the ethical and over-the-counter drugs the group was founded on, the Otsukas last year sold more than 1 billion bottles of Oronamin-C, a carbonated nutritional drink containing vitamin C and amino acids. That's worth about $660 million at retail. Their bestseller—1.1 billion cans last year—is Pocari, a Gatorade-style drink for athletic types that resupplies body salts lost through sweat. Its retail sales reached $860 million last year.

Recently they started selling New Calorie Mate, whose ads claim two cans a day supply all needed vitamins. At wholesale, such items fetched 55% of Otsuka's sales last year.

In the beginning, old Masahito bet the farm on mass-producing injectable drugs suitable for the injured and wounded at the outbreak of the Korean War. Once established, he concentrated his efforts on lifesaving medicines. But his son has built tidy profits with health products that are marketed as necessities.

Robert Wallis

Masahito Otsuka

So today Masahito plays leisurely games of golf in his hometown on Japan's Shikoku island, and counts his family's $2.7-billion-plus net worth. While swigging lots of Oronamin-C and Pocari.—**Hiroko Asami**

KIYOSHI SAGAWA

Courier

Kiyoshi Sagawa, founder of a privately held package delivery firm, Sagawa Express Group, is a tough taskmaster. "The number of administrators that feel they can get away without working is on the rise (and most of these people are incompetent)," he growls in the February issue of the company newsletter. Also, the Ministry of Transportation is after Sagawa for violating labor laws, say-

Kiyoshi Sagawa

Zaikai

ing he makes drivers work excessive hours. The company says it is correcting that problem.

Potentially more serious were tax problems alluded to in a 1989 book by Yosuke Hamada, a disgruntled ex-employee fired for not meeting sales targets. Hamada claims that Seiwa Shoji, a holding company, siphoned money from other Sagawa companies, making it difficult to trace and tax profits. Government sources tell a similar tale, and twice the tax office has gone after Sagawa for underreporting. A Sagawa spokesman says that the company has never evaded taxes, although there could have been inadvertent errors owing to too rapid growth. In April Seiwa Shoji was absorbed into a group company.

Despite these hitches, Sagawa, 68, is doing pretty well for himself. His company has around 70% of Japan's corporate delivery business. He recently started a venture with DHL to expand international delivery operations. Look out, world.—**Gale Eisenstodt**

TADAO YOSHIDA AND FAMILY

Centralize? Or decentralize?

Tadao Yoshida built his $3.7 billion (sales) zipper and building materials company, YKK, on the principle of decentralization. At 81, he is in poor health, and son Tadahiro, a Northwestern University M.B.A., is tackling the difficult task of change.

The big problem is aluminum building materials, now some 70% of sales. Tadao, who started with the more profitable zippers, never gave the newer business the attention it merited. He set it up with the passion for minimizing managers and maximizing local sales autonomy that worked so well in the international zipper market. Unfortunately the regional building materials sales offices in Japan did not coordinate well with the factories; sudden surges in orders could sometimes not be filled. The biggest Japanese maker of aluminum siding, doors and windows for houses until 1984, YKK has since been losing market share.

Son Tadahiro is introducing a degree of centralized oversight. Nine distribution centers consolidate building materials inventories. As for zippers, while his father was a firm believer in local production, Tadahiro has set up a factory in low-cost Indonesia. Senior had all production machinery made in-house; Junior will shop outside if it's quicker or cheaper. The younger Yoshida clearly understands one very basic business principle: You can't run a business with your strategy carved in stone.—**Gale Eisenstodt**

Robert Wallis/J.B. Pictures

Tadahiro Yoshida

HATTORI FAMILY

Getting it together

The Hattori family has a proud heritage in their top-quality Hattori Seiko watches and clocks. But they have seen rival Citizen take over the number one position in Japan's watch industry.

For one thing, Hattori didn't adjust production and inventory quickly enough when the yen unexpectedly strengthened a few years ago. Only in the last year did it manage to work down excess inventories. And though Seiko's production is handled by two family-controlled companies, they've been managed by outsiders following the deaths of two Hattori family members. Lack of coordination between these two producers has been harmful, observers say, while Citizen has benefited from directly controlling its own production.

Reijiro Hattori

Pamela Fernuik

But Hattori Seiko finally seems to be getting its act together. It's choosing to emphasize luxury brands and jewel-bedecked watches, which are selling well. One new model: a lady's watch designed by a famous Japanese designer, Jun Ashida.

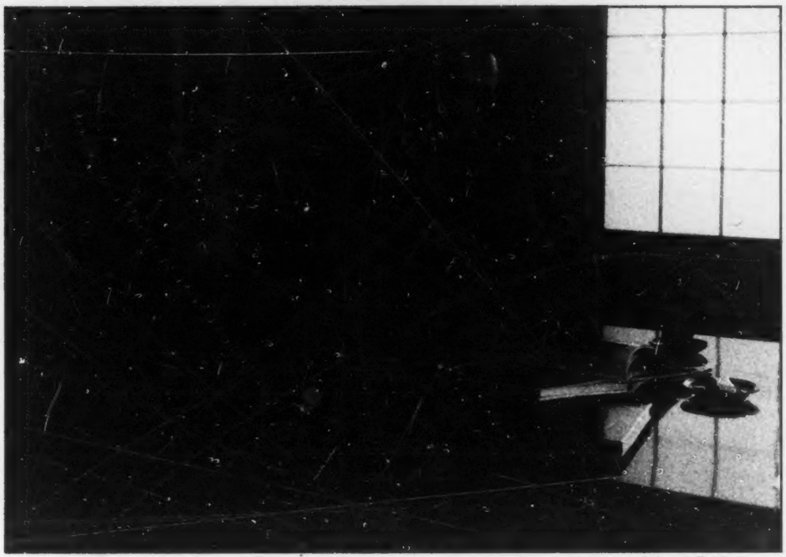
The company is also increasing its jewelry import business and is strengthening its new lines of plastic eyeglasses. The Hattoris, led by 69-year-old Chairman Reijiro, the founder's grandson, together own shares worth about $3.5 billion in Seiko group companies. An amount worth watching over.—**Nobuko Hashimoto**

UEHARA FAMILY

Put the money where it counts

The Ueharas' well-known Taisho Pharmaceutical grew on an army of detail men, who today still sell directly to Japan's 60,000 pharmacies. Now the Ueharas are augmenting them with Taisho's new computer sales network, which already plugs in 3,700 pharmacies and will soon have 5,000. It will let Taisho do fast, comprehensive market research, and even monitor competitors' sales.

Small wonder Taisho is the leader in the ever more competitive over-the-counter drug market (it has a 20% share), with about $800 million in



Shoji Uehara

Robert Wallis/J.B. Pictures

sales. Bestselling products include nutritional tonics (big in Japan; *see Otsuka*), Pabron cold remedy, and Taisho Ichoyaku digestive agents.

But don't overlook prescription drugs—16% of Taisho sales and increasingly important. Merrill Lynch Tokyo predicts 30% to 50% growth from such promising drugs as Clathromycin, a new antibiotic Taisho has licensed to Abbott Labs for sale outside Japan. It may come on the market by year's end, and Taisho forecasts $60 million annual sales just in Japan.

Chairman of Taisho is Shoji Uehara, 62. President, at 49, is Akira Uehara. Akira has three things going for him. First, he is Shoji's son-in-law. Next, he is the nephew of the founder's wife. And he's the inspiration behind the computerizing, having joined the company in 1977 after 11 years at NEC, the electronics firm. Evidently Akira Uehara sees that big money is to be made not only from discovering pharmaceuticals but from developing better ways to distribute them.—**Hiroko Asami**

HISAKICHI YAMAGUCHI

The price was fame

Hisakichi Yamaguchi must have been disappointed. Last year the founder of $1.8 billion (sales) Daiwa Can acted as intermediary when the founder of South Korea's giant Hyundai went to North Korea with plans to build a resort hotel—a resort Yamaguchi apparently had himself proposed to Kim Il Sung years ago. All seemed to go swimmingly. But in May it was reported that North Korea abruptly canceled the deal.

Yamaguchi paid a price for his futile efforts: For a moment the spotlight was turned on this man who shuns the press. He was born in what is now North Korea, and people close to him say the Kim Il Sung connection was formed primarily because "everybody needs to go home." Yamaguchi, 79, got into canmaking in 1950. A friendship with a chairman of Nippon Steel got him the financial support. A tie with American Can Co. got him the key equipment.

Kyodo

Hisakichi Yamaguchi

Today it is Daiwa Can that exports production machinery. The company also has about 30% of the domestic can market, number two behind Toyo Seikan. Yamaguchi controls eight interrelated companies, including operations in Taiwan and a joint venture with Ryoei Saito's Daishowa *(see Saito, p. 148)* to make paper cups.

Yamaguchi is still active in day-to-day management. Sources who know him well say he is demanding and likes to keep close tabs on things. Last year profits were up 14%, to $149 million on sales of $1.8 billion. His eldest son is in the business: Hisakazu Yamaguchi is a director of a machine tool maker 50% owned through a holding company.—**Gale Eisenstodt**

JAPAN REAL ESTATE

YOSHIAKI TSUTSUMI

A job for Dale Carnegie

How much glory is there in being the richest businessman in the world? Not much. You're Yoshiaki Tsutsumi—and you're the target of increasing criticism in the Japanese press these days.

Seems the public has noticed that Kokudo Keikaku, Tsutsumi's 40% directly owned holding company for his vast railway and real estate empire, doesn't pay much corporate tax. The interest on debt used to expand its business in ski slopes, hotels and golf courses virtually wipes out profits. So there's no need to pay taxes, Tsutsumi earnestly explained in interviews. Lately, in a tack to windward of sorts, he's indicated in the press that he "could slow the pace of expansion. Then the company would be more profitable and pay more in taxes."

Meanwhile, Tsutsumi recently blew a chance to capitalize on what are conceded even by critics to be his good managerial skills. Elected last August to head the Japanese Olympic Committee, he bowed out in May. He

Kyodo

Yoshiaki Tsutsumi

had been criticized for trying to turn things to his own advantage: He wanted to lure the 1998 winter games to an area near resorts his company owns. Public relations isn't his thing.

Many of the billionaires on this list made their money buying and developing land in Tokyo. Yoshiaki inherited his big chunks of real estate. It was his father who started the empire that makes Yoshiaki, 56, worth an estimated $16 billion. Until now, he's never had to be a nice guy.—**Gale Eisenstodt**

TAIKICHIRO MORI

Please. More taxes.

The second-richest businessman in the world owes his wealth of $14.6 billion largely to possession of land in Minato-ku, the ward near parliament where he was born and which he transformed into a great commercial center of Tokyo. Mori, 86, is a developer who owns 78 office buildings, but in Tokyo almost all the value of these choice properties is in the the value of the land not the improvements.

Notwithstanding, Mori would actually like to see land prices in Tokyo fall, and makes a case for how that could happen. It begins with pressures for reform in Japan's crazy-quilt land tax, especially on "farmland" in urban areas. Taxes are so low on this space that there are thousands of precious acres in urban Tokyo supporting cabbages or fruit trees. A drastic change of land taxes is needed, Mori argues. "We will have to pay more tax with the change; but it's inevitable. And we are ready for it."

Japan's 1930 "rich list"

Nineteen-thirty was an important turning point in Japan's history. Nationalism was on the rise; by 1932 Japan's army had secured Manchuria.

In 1930 Teikoku Databank, today Japan's top corporate research firm, tallied up over 3,000 of Japan's wealthiest individuals. In 1933 an update was published as a slim volume ornamented with portraits of the successful men; Western-style top hats and round spectacles seem to have been in vogue. Of the group, 15 were billionaires in today's dollars.

Who was Japan's richest man in 1930? Teikoku Databank very diplomatically assigned the honor to two individuals: Hisaya Iwasaki and Hachiroemon Mitsui, the respective heads of the rival Mitsubishi and Mitsui *zaibatsu.* Each man had assets of Y400 million. According to estimates by Teikoku Databank and Japan's Economic Planning Agency, in today's yen that would be Y649 billion, or about $4.3 billion.

In fact this was only a fraction of Mitsui and Mitsubishi wealth. Eleven Mitsuis were in the 1930 directory, together worth over Y2 trillion, or nearly $16 billion in today's terms. The Iwasakis of Mitsubishi were a bit poorer: nearly $12 billion in 1930, in today's terms. By 1933 Teikoku Databank reported Mitsui holdings up some 20%, to $19 billion, the Iwasakis' to $13 billion. (Today's richest man, Yoshiaki Tsutsumi, has an estimated net worth of $16 billion.)

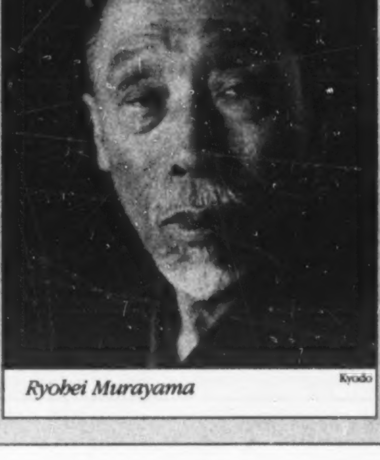
Other *zaibatsu* families appeared on the "rich list." The Yasuda family's wealth, based largely on banking, in 1933 came to over $5 billion. The Sumitomo family's fortune was put at nearly $4 billion. Also included were individuals not associated with the huge conglomerates. A few of today's billionaire families were already big enough to be noted in 1933: Murayama, founder of the newspaper *Asahi Shimbun* ($115 million); Hattori, creator of Seiko Group ($690 million); and Ishibashi, who started Bridgestone ($46 million).

Landowners, while not the force they are today, made a nice showing—the richest logged in at $760 million. So did money lenders and former *daimyo,* or military lords, including members of the Tokugawa family which dominated Japanese politics from 1600 to 1868.

After Japan surrendered to the Allied forces in 1945 the Occupation broke up large land holdings and set out to break the power of the *zaibatsu.* Payment to *zaibatsu* families for stock holdings was made in ten-year nonnegotiable government bonds. But the ensuing inflation made the compensation close to confiscatory. A capital levy ranging as high as 90% on assets of Y15 million and above further destroyed fortunes.

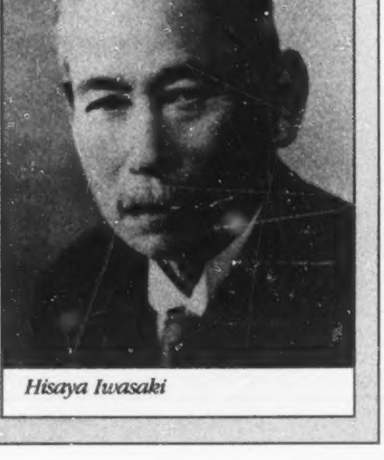
Today, Hachiroemon Mitsui, one of the two richest men in Japan back in 1933, is 94. He holds an honorary title at Mitsui Real Estate. If he still belongs on our list, his money is well hidden.—**Gale Eisenstodt**

Hachiroemon Takamine Mitsui



Ryohei Murayama

Kyodo



Hisaya Iwasaki

Taikichiro Mori

Robert Wallis/J.B. Pictures

And when the farmers finally sell, their acreage will be available to developers like Mori. "Over the past few years, something between 300 and 400 hectares [750 to 1,000 acres] of office space have been created per year in Tokyo," he says. "And this year's supply is said to be about 700 hectares. If the pace continues, there may be a glut of office buildings in the foreseeable future." He adds: "And when the Japanese economy loses its power, land prices may fall."

Developing is what Mori, a professor of economy until he was 55, wants to do most. He aims to build more complexes like his locally famous Ark Hills—office towers, condos, a hotel and a concert hall, finished in 1988. He very much wants land prices lower, even if it would cut into his paper wealth.—**Hiroko Asami**

KITARO WATANABE

Japan's first big real estate casualty

Watanabe is one of the multitude of Japanese billionaires whose main fortunes were made in the recent real estate boom. He's also one of the first to be in visible cash flow trouble. Watanabe, 56, owns Azabu Building, a real estate investment company, and Azabu Motors, a dealer of expensive imported cars like Mercedes-Benz and Rolls-Royce. The real estate is the bulk of the wealth—still estimated at a huge $9.2 billion, net of debt. It's also the bulk of the problem.

Watanabe used the first fortune he made selling the cars to buy most of his 1 million square feet of Tokyo land between 1984 and 1987, a period when lax monetary policies encouraged land speculation. But the Tokyo boom has cooled, and long-term interest rates have risen to 7% from 5% in two years. Admits an Azabu spokesman: "Our interest payment burden is getting severe." The Group shows $2.3 billion long-term debt, $300 million more than last year. It was more than a year ago that Watanabe sold his 20% stake in Koito, a car-parts maker, to T. Boone Pickens.

The land may be valuable, but it doesn't generate much cash to cover that debt service. Sources say Mitsui Trust Bank, Watanabe's main banker, will dispose of some of his real estate to pay down his debt. One clue: The bank has installed a vice president in Azabu Building.—**Hiroko Katayama**

Zaikai

Kitaro Watanabe

KICHINOSUKE SASAKI

Tokyo's Donald Trump?

Since the late 1970s Sasaki, 57, has bought hundreds of parcels and buildings—mainly in Tokyo's commercial Minato ward—going heavily into debt in the process. The debt totals $1.8 billion. The assets? Sasaki hinted to Forbes that they exceed $6 billion. Our more cautious guess is $3.6 billion. More troubling, Sasaki's interest and operating costs last year came to around $125 million. With rental income of only about $116 million, his estimated negative cash flow is around $9 million.

A bull on the Tokyo real estate market but a bear on Osaka *(see also Yoshimoto, p. 171)*, Sasaki claims a reserve fund of about $330 million. If rents continue to rise for several more years, Sasaki, who was a medical doctor before he built a clinic and discovered Tokyo real estate, should be able to catch up and close the gap. But he keeps buying more property: Last year he put another $650 million into 36 new properties, mostly in Tokyo. Within three years, he says, he plans to triple the floor space of his buildings, to 3.5 million square feet. Meanwhile, argues Sasaki, the land will gain value from redevelopment. His bankers, evidently figuring Sasaki is a builder—as opposed to a speculator—apparently intend to continue financing him. He—and they—are on an escalator to the sky. Can they avoid a bust? Sure. They just have to make sure they get off the escalator before land prices do.

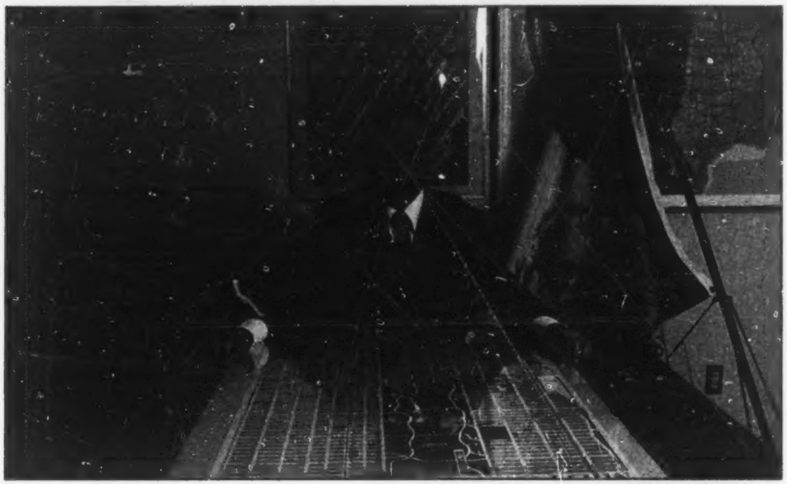
SHIGERU KOBAYASHI

Takeover war, Japanese style

As Kobayashi stampedes about the U.S. snapping up landmark buildings and writing goodwill checks to city governments and local philanthropies, Shuwa Corp.'s founder-president is being branded a corporate raider back home.

Robert Wallis/J.B. Pictures

Kichinosuke Sasaki



Shigeru Kobayashi

Kaku Kurita/Gamma-Liaison

Last year it was revealed that Kobayashi bought big positions in several Japanese retailers, including two supermarket chains with distinctly poor prospects. The apparent plan: merge them with Life Stores, another Shuwa investment headed by a friend from his World War II army days.

The supermarkets quickly called in Wasserstein Perella, which, with Nomura Securities, devised a very Japanese plan: The targets would issue each other shares to dilute Shuwa's holding—until a Tokyo court called the deal unfair.

Then Kobayashi's old war buddy suddenly announced a new stock distribution to Life shareholders. That pushed up the stock price, letting Kobayashi sell his 6% at a small profit. But he has not stopped shopping around. Shuwa is buying more shares of the supermarket chains.

Meanwhile, Kobayashi has also bought another building in downtown Los Angeles for $30 million, and one in San Francisco for $60 million. Last fall Shuwa joined with Tishman West for a first investment in Europe, a 250-year lease on Ashdown House in London, for about $154 million. All this takes money. Kobayashi has lots of assets, but they are getting leveraged: On some $6 billion in Japanese assets, his net worth seems to be near $2 billion.—**Gale Eisenstodt**

Genshiro Kawamoto

Robert Wallis/J.B. Pictures

GENSHIRO KAWAMOTO

How to calm down the Americans

In 1987 Kawamoto drove around Hawaii in his white Rolls-Royce, known as the "Kawamotomobile," snapping up 178 rental properties for $170 million, including the famous Kaiser estate. The original plan was to refurnish, remodel and rent to rich visitors. That idea's been dropped, and now 60% of the houses have been rented back to the original owners at going market rates. But in the process, Kawamoto, age 58, managed to thoroughly alarm the entire island with his one-man invasion.

That didn't stop him from a second wave of American buying. But this time, he was better received. Instead of buying existing houses in a land-tight market, Kawamoto acquired tracts, and built 423 houses in land-blessed Sacramento. This kind of development benefits local people, displaces no one, and creates jobs. Next, a project in Santa Rosa, with 149 houses and 74 condominiums, scheduled to be completed by the end of next year. For these projects, he's already invested about $188 million. More are planned in Sacramento.

It's a long way from the family kimono business he closed in 1965. In 1972 he launched Marugen K.K., which is now worth $1 billion and operates properties principally in the Ginza. If he heads back to Hawaii, maybe the Rolls-Royce should stay home.—**Hiroko Asami**

YONEICHI OTANI AND FAMILY

Keeping up with the Okura

Yoneichi Otani constantly strives to keep his namesake New Otani Hotel in the same top-tier bracket as his two primary Tokyo rivals, the Okura and the Imperial. If occupancy rates aren't as high as they are at the two competitors, Otani goes after more parties and weddings. He recently spent about $130 million to upgrade single rooms to bigger twin rooms—a luxury in crowded Tokyo. By all accounts, the New Otani is able to cater to every type of customer.

The group manages 15 other hotels in Japan. These include the Osaka New Otani—without question a very plush hotel—and a string of New Otanis in Los Angeles, Hawaii, Singapore and Beijing. But the Tokyo hotel is the flagship.

The Otanis are adding to it: Yoneichi, 74, is investing about $240 million in a 30-story office building to connect to the hotel's tower wing. It will house boutiques, party halls, a museum and offices—and bring in

Robert Wallis/J.B. Pictures

Yoneichi Otani

$65 million a year in rent.

The hotel business may be lucrative, but the Otanis' real wealth is the 745,000 square feet of central Tokyo Yoneichi and brother Kokichi inherited from their father, a onetime sumo wrestler and industrialist who bought it from an aristocrat. It's worth maybe $19,000 a square foot—and the family, all together, about $3.4 billion.—**Nobuko Hashimoto**

HARUHIKO YOSHIMOTO

Why Osaka land is not this year's buy

The Yoshimotos have been dedicated Osaka landlords for generations, in which time they have developed a precept: Never invest in securities, except maybe national bonds. Haruhiko, keeping the faith at 66, has never spent a penny on a share. With at least $3.1 billion in Osaka land, he's a good person to explain the almost mystical Japanese belief in land: "For the Japanese, land is gold. So if you see land, think of it as a lump of gold spread over the ground." Yoshimoto explained that no real Japanese thinks of leaving his island country, so land in Japan has a domestic value not related to values overseas and outside normal cash-return calculations.

Robert Wallis/J.B. Pictures

Haruhiko Yoshimoto

Precious enough to play rough for. Last year the Japanese media reported that the *jiageya*—professional criminals who specialize in scaring out small-scale landlords or tenants for large-scale buyers—had escalated their activities in Osaka. The reason quickly became evident: Land prices in Osaka have jumped 50%, even as land prices stayed stable in Tokyo. Among other things, the new Kansai International Airport near Osaka will open in three years.

But Yoshimoto told FORBES he thinks Osaka's land price rise last year was too sudden. He anticipates a 10%-to-20% drop to compensate. Yet he's not selling his land there. What else would he buy? Stocks that Crash?—**Hiroko Katayama**

TAMESABURO FURUKAWA

Golden years

"One hundred years old, but still in my youth." Tamesaburo's formula for longevity—he celebrated his centennial in January—is green tea, and perhaps making donations.

He's also famous for not taking a check. Not since 1921, when he was nearly ruined by a financial panic. That's when he quit selling women's hair ornaments and got into movie theaters, restaurants and coffee shops. All cash businesses, no credit. But the old man did trust land, which he bought with some of that loose cash. Today the land appears to be worth well over $2 billion. What he did with the rest of the cash is less clear, except that he didn't spend it all.

If it weren't for Katsumi Furukawa, his eldest son, who died in 1986, Tamesaburo's film business might have stayed an obscure theater operation. But Katsumi started family-run Nippon Herald Corp. in 1957, and imported thousands of famous foreign films—making the family famous in the process. Today, the Herald Group owns 30 or so movie theaters, plus diversified film production, import and leisure businesses, run by Katsumi's eldest living son, 46-year-old Tameyuki Furukawa.

And old Tamesaburo? He wants to reproduce a 14th-century temple in his hometown. The original, the famous Kinkakuji in Kyoto, is thought to have been covered with gold. Furukawa is reported to be ready to pour nearly $200 million into the project. That's a lot of leftover change.—**Hiroko Asami**

Kyodo

Tamesaburo Furukawa

KEN HAYASHIBARA

Good riddance

Last year was a good one for 48-year-old Hayashibara: He finally lost a major tenant. Kabaya Confectionery Co., founded by Ken's father, finally agreed to move from a key 45,000-square-meter property near the Okayama city train station.

They'd been unhappy bedfellows for a long time. In the 1960s the management of Kabaya wrested control of the company and booted out Ken and his family. Since then, Hayashibara has sued the candy company four times for not paying rent properly. When Kabaya finally goes in 1991, it will free Hayashibara to develop the property—and maybe make some decent money on it instead of paying lawyers. RTKL Associates of Dallas is expected to compile a master plan by the end of this year.

Toshi Matsumoto/Sygma

Ken Hayashibara

Meanwhile, Hayashibara's company may have a hot product on its hands: natural human alpha interferon. Kenya Medical Research Institute, in Africa, reported earlier this year that AIDS symptoms can be alleviated within a few weeks with small amounts of the Hayashibara drug used in a novel way: low-dose oral therapy. The World Health Organization is said to be undertaking a verifying study in four African countries.

Real estate may be the financial

underpinning of the Hayashibara group now—currently worth an estimated $2.6 billion. But sustained biotech research and development may be the truly invaluable long-term asset.—**Hiroko Asami**

EITARO ITOYAMA

Unseated

Last year Eitaro Itoyama talked about starting a club of young, ambitious politicians to bring new life to the ruling Liberal Democratic Party. Money was no problem: He owns land, inherited five years ago from his entrepreneurial father, that is now worth about $5.8 billion. But getting re-elected was a problem. In elections last February, the ruling party held on to its position, but young—he's only 48—Itoyama was unseated. Political analysts say the public was probably so disgusted with money-politics scandals that it recoiled from the idea of a rich politician. On the other hand, some of his very American-sounding views—"Japan should not be on an equal footing with the States unless she increases her defense budget"—may have hurt too.

For the moment, Itoyama is keeping himself busy with his company, Shin Nihon Kanko Kogyo, which owns and manages golf courses and resorts in Japan. Most recently he invested about $330 million to develop a resort in Miyazaki, on the southern Japanese island of Kyushu, which will include a yacht harbor, cottages, private beach and an 18-hole golf course.

Business also takes him abroad, particularly the U.S., where he has been negotiating with "leading companies" to invest in resorts, his assistant told FORBES. Most of Itoyama's fortune is in Japan.—**Nobuko Hashimoto**

Kyodo

Eitaro Itoyama

YOHACHIRO IWASAKI

Bamboo. Of course.

At 88, Yohachiro Iwasaki still travels about Japan to check on the family business that his son, Fukuzo, 65, runs. A self-made man, Yohachiro has built up a business now estimated at about $5 billion.

He started with the lumber trade—which became big business from rebuilding after the major Kanto earthquake of 1923. Then real estate, especially resorts. His empire now includes forests, hotels, parks, resorts, land and sea transport—and a little petroleum sales on the side.

Kyodo

Yohachiro Iwasaki

Iwasaki has always preferred to develop property from scratch and create his personal vision rather than buy someone else's idea. Quite often the projects require many years to bear fruit, "but that's what he's like," explains Managing Director Koichi Ikehata. A prime example: his huge resort in Australia's Queensland. It will eventually include 12 miles of seashore, hotels, golf courses and tennis courts, and a 3,200-foot runway to accommodate arriving Japanese.

Back home, plans are more modest: A new jetfoil service to the remote islands of Tanegashima and Ogushima, in southern Japan, has increased tourist traffic over 30%, and the company is opening a new 54-room hotel.

It's a Japanese custom to ask the secret for keeping vigorous and healthy into extreme old age. Iwasaki's reply: "Always use your head, think about your work, walk a lot, massage the soles of your feet with bamboo, and do your best to be useful to society."—**Nobuko Hashimoto**

HIDEKI YOKOI

Still looking for respect

Yokoi bought Tokyo's prestigiously located Hotel New Japan in 1979, in part to gain status as a businessman. But the hotel burned down in 1982, killing 33, and Yokoi was sentenced to three years in jail because he failed to install required fire-prevention equipment. He's still out on bail, pending appeal.

The ruined hotel hasn't been torn down yet. Nor is it sold, despite press reports of interest by big Japanese conglomerates. But Yokoi has good reason to hold on: The site is now worth at least $1 billion, ten times more than before the fire, and it's no longer possible to find this large a parcel—2.1 acres—in the center of Tokyo. Especially not one near five subway lines, many hotels—and Kasumigaseki, the seat of the Japanese parliament. Yokoi told the local press he's almost ready to redevelop the land because he's almost through compensating the families of those killed in the fire as well as the tenants who had offices or restaurants in the hotel. Yokoi has also said he wants to put up a 50-story office building.

Yokoi first made his fortune in the military supply business, then real estate. His great wealth—$1.1 billion—hasn't bought the respect the 77-year-old Yokoi craves from Japanese society. A giant office building on the hotel site might be his last chance. Sometimes being a billionaire just isn't enough.—**Hiroko Katayama**

Kyodo

Hideki Yokoi

HEIZO KOBAYASHI

How to become a billionaire

Heizo Kobayashi, 77, made most of his $1 billion fortune in Shinjuku, an important Tokyo entertainment and shopping district. It's getting more important, with top land prices, particularly near Shinjuku railroad station, running as much as $17,000 a square foot—as pricey as in the more famous Ginza.

Zaikai

Heizo Kobayashi

What's intriguing is how Kobayashi uses this expensive land. Instead of fashionable high-return retail shops there's a supermarket, camera store, coffee shop, a moderately priced restaurant, game arcades and convenience stores.

Kobayashi bought his land cheap, decades ago, out of his income as a prospering retailer. As a new landlord he decided to stick to what he knew best: serving the basic needs of the shop owners, ordinary workers and college students who lived upstairs from the high-rent nightspots. Meanwhile, the land's value mushroomed. Today no other low-margin shops could exist paying the rents such land now commands on the market. So Kobayashi's are crowded in the evening with the owners of the nearby bars and restaurants. He also sells ice—a business he started after the war. So when the bars near Shinjuku station run out, they turn to the local billionaire.—**Hiroko Asami**

RINJI SHINO

How to live like a billionaire

Rinji Shino

Robert Wallis/J.B. Pictures

At 82, Shino is used to elegance. Most days he lives in a suite at the Hilton in Osaka. He frequently enjoys Château Chino, red wine from his own winery in Bordeaux, when he lunches at the château-like clubhouse of his own golf course outside Osaka. "My husband is like a spoiled child," his wife says fondly. "He has led his life just as he wanted."

Lest the routine get dull, Shino spends one-third of the year in France and elsewhere in Europe, often visiting his two sons, who work in Düsseldorf and Brussels. He likes to shop for Hermès ties and for art. He recently paid about $2 million each for three pieces by the famous Japanese painter Sharaku.

Rinji Shino is the 32nd generation of the Shino family, descended from the famous 12th-century Hei family. At age 25, Rinji took over the family businesses after the death of his father, who developed much of the Kansai district around Osaka before World War II: He had put in a resort, a hydroelectric plant and roads. He had made his importance and wealth plain to all: "At that time, my father was driving a Ford," says Shino.

Today, Rinji owns some ten companies in transportation, leisure, restaurants and gas stations. Total assets, including his real estate in Japan and France, near Fontainebleau, are worth $3 billion.—**Hiroko Katayama**

HIROTOMO TAKEI

The roads not taken

"Recently, I was told by a fortune-teller that I should have chosen a way to become a religious priest, not a businessman," sighs Takei. Poor Hirotomo! He's 69 years old, and missed his calling not once, but twice.

In his youth, Takei tried to be a newspaper reporter, but found he excelled at the business side of journalism. In 1951, two years after starting a magazine, he was going to start an Osaka edition of *Yomiuri Shimbun.* But he quit within six months and went back to Tokyo.

Using his publishing profits, he began buying real estate in 1958 and founded his Chisan group. It has more than 25 companies in real estate, hotels, leisure, restaurants, food and publishing. Chisan also has several publicly traded small companies he acquired control of in the late 1980s: delicatessen, cotton spinning, fishing equipment and computer software.

Zaikai

Hirotomo Takei

Sitting in his office surrounded by his own paintings and pottery, Takei does not look like the head of a serious Japanese conglomerate. He has long since decided not to wear a tie at the office—or even shoes, other than slippers—except when there's an occasion like a funeral or wedding. "I wanted to be free from everything," says Takei, whose worth we estimate at over $4 billion.—**Hiroko Katayama**

THE AMÉRICAS

COLOMBIA

PABLO ESCOBAR GAVIRIA

Over to Gustavo?

Pablo Escobar and the Medellín cartel he heads are on the run. Colombia's newly elected president, César Gaviria Trujillo, won a big plurality by promising to be tough on the drug dealers. The federales have seized 142 planes, 20 helicopters, 32 yachts, 141 homes, offices, ranches and villas—even Escobar's private zoo and his Spanish translation of Norman Vincent Peale's *Power of Positive Thinking.*

Escobar, probably still worth some $3 billion, reportedly fled a safe house near Medellín in November with nothing more than his jockey shorts and a submachine gun. Cohort Gonzalo Rodriguez Gacha wasn't so lucky: In December Colombian police killed him in a shootout.

Meanwhile, an annual University of Michigan study finds cocaine and crack use continues to fall among high school and college kids. Cocaine seizures outside Colombia totaled an astounding 140 tons last year—a dead loss of at least $1.5 billion to the Medellín cartel. The U.S. State Department estimates Colombia's total annual production at under 600 tons.

Escobar was reportedly spotted in March at a Colombian beach resort, despite plastic surgery and a beard. In Pablo's absence, cousin Gustavo Gaviria Rivero is said to be running things, for now.—**Claire Poole**

OCHOA FAMILY

The noose tightens

Like Pablo Escobar, the three cocaine brothers—Jorge, Juan and Fabio Ochoa—are also on the lam. Last August they reportedly scurried south to Brazil or Argentina with members of the Cali cartel. Colombian soldiers seized a big chunk of Ochoa farmland, part of an empire worth some $2 billion. The highlight: a $2 million, five-bedroom Medellín mansion belonging to Jorge's mistress. Out back stood their 9-year-old daughter's two-story Cinderella play castle, complete with a lake stocked with black swans.

Their father, Fabio Ochoa Restrepo, pleaded with then President Virgilio Barco: "Let there be dialogue, let there be peace, let there be amnesty." To his credit, Barco ignored the plea. Later, so did the Pope, and the noose is tightening: At least eight Ochoa first cousins have been hauled in by authorities; two, Mauricio and Fabio Enrique Ochoa, are being held in Miami on smuggling charges; another, Ricardo Isunza Ochoa, has been captured in Mexico. The Cartagena customs judge who freed Jorge Ochoa after he was extradited from Spain in 1986 recently got six years in jail. Panama's Manuel Noriega, allegedly once one of the Ochoas' major partners, awaits his trial in Miami on drug smuggling charges. The Ochoa brothers' days seem numbered.—**Claire Poole**

Jorge Luis Ochoa

Sygma

Tony Comiti/Gamma-Liaison

Pablo Escobar

BRAZIL

ROBERTO MARINHO

The other woman

After campaigning through his media network for Brazil's recently elected president, Fernando Collor de Mello, Roberto Marinho tasted some of the government's anti-inflationary medicine. Collor's economic shock lost Marinho some of his advertising but did not jeopardize all of it. Marinho runs *O Globo*, one of the country's most important newspapers, and Rede Globo TV network, the fourth largest in the world after ABC, CBS and NBC. The privately held family empire (estimated worth, $1 billion) also includes finance and insurance companies, cattle ranches and shopping centers, but they, too, are hardly recession-proof.

The Collor-Marinho connection traces back three decades to real estate deals between Marinho and Collor's father. The Collor de Mello family's television station in the northeastern Brazilian province of Alagoas is affiliated with the Globo network. And Fernando Collor's brother and campaign director previously worked at Globo.

Globo's juicy soap operas are practically a way of life in Brazil and are

Roberto Marinho

Antonio Riberio/Abril Imagens

The cocaine trade's up-and-comers

Carlos Humberto-TDC/Contact

Gilberto Rodriguez Orejuela

While the Medellín cartel reels, the Cali cartel, named after the Colombian city that is its base, is gradually taking over the slumping cocaine business. Drug Enforcement Administration officials here estimate Cali may now move half the cocaine entering the U.S., up from 10% just a few years ago.

Behind the Cali cartel are a couple of ambitious businessmen. Gilberto Rodriguez Orejuela, 50, and brother Miguel, 45, grew up in a poor section of Cali. They worked as clerks at a local drugstore. Miguel went on to study law at Cali's San Buenaventura University, but Gilberto (known as "The Chess Player") never finished high school. Instead, he bought a pharmacy and converted part into a cocaine lab. After earning a law degree, Miguel returned to help his brother.

Using their drug profits, together they have amassed a business empire called Grupo Rodriguez. The group's holdings have included, at one time or another: Colombia's Banco de los Trabajadores and Panama's First Interamericas Bank; two discount drugstore chains; 28 radio stations; commercial finance and investment companies; construction and real estate companies; two pharmaceutical companies; two agribusinesses; a toy company; America, the Cali soccer team; a Chrysler dealership; an auto racetrack; private security companies; motels; and two schools.

Whereas the Medellín cartel is a loosely affiliated group of around 70,000 people, Cali has a tight, more corporate structure, and employs up to 5,000 with a clear-cut chain of command. The Rodriguez brothers' hardworking partner, José Santacruz (The Student) Londono, 45, takes care of daily operations—smuggling, money laundering and the like.

In 1984 Gilberto Rodriguez traveled with the Medellín cartel's Jorge Luis Ochoa to Spain to set up a cocaine distribution network in Europe and buy 10,000 acres in Badajoz for coca cultivation.

But there has since been bad blood. The Cali forces got the blame for a car bomb attack on Pablo Escobar's penthouse apartment in Medellín. In retaliation, Escobar sent thugs to bomb Rodriguez' drugstores and radio stations. When a helicopter that was loaded with men and arms crashed near Escobar's Hacienda Napoles estate, a survivor said that they were paid by the Cali cartel to kill Escobar.

Now that their cocaine is moving in big volume, the Rodriguez brothers are preparing for the worst. Under indictment in the U.S. for drug trafficking, Gilberto Rodriguez has retained Washington, D.C. attorney Michael Abbell, a former Justice Department official who was once in charge of extraditing drug traffickers to the U.S.—**Claire Poole** exported to 90 countries. Marinho stars in his own private soap opera: This year, at 85, he sought a divorce from longtime second wife, Ruth, to marry Lily de Carvalho, Rio socialite, a mere 69, who was the 1938 Miss France. Estranged Ruth wanted half his fortune. A settlement is in process. Stay tuned.—**William Heuslein**

SEBASTIÃO CAMARGO

Charting the future

President Collor de Mello's radical attempt to garotte hyperinflation seems sure to choke off many a construction project. That would be bad news for Camargo's $5 billion (revenues) construction and engineering conglomerate, Camargo Corrêa, but for the fact that Camargo diversified before Collor came along. The group is now into fields as far removed as textiles and finance. Big, solidly financed and diversified industrial groups like Camargo's should be better able than most to cope with—and even ultimately benefit from—Collor's economic catharsis.

Now 81, Camargo has three sons-in-law working at the company. He reportedly hired an American consulting firm to help set up succession plans. But he will not go quietly. Camargo still visits the active construction sites of the company that he and his partner, the late Sylvio Corrêa, built up starting in the 1930s from a small subcontracting firm. Estate planning for such Brazilian wealth, say informed Brazilians, seems to center not on the question of when one dies, but rather if.—**William Heuslein**

Luis Dantas/Abril Imagens

Sebastião Camargo

ANTÔNIO ERMÍRIO DE MORAES AND FAMILY

Collor my world

With more than $2 billion in revenues and net assets of at least $1.6 billion, the Ermírios' São Paulo-based Votorantim is Brazil's largest private sector industrial group by assets. Recently family patriarch Antônio Ermírio has been planning on large-scale investments in aluminum, mining, paper and woodpulp, cement, and maybe petrochemicals.

Renato Dos Anjos/Abril Imagens

Antônio Ermírio de Moraes

But President Collor's plan to open Brazil to outside competition could put the squeeze on parochial Votorantim, if it comes to pass. The word from Brazil is that Antônio Ermírio is privately skeptical about Collor's economic package. Publicly, most Brazilian business leaders supported Collor at first. But their objections were completely ignored when Collor earlier this year in effect seized temporarily a large portion of the nation's financial assets. In Ermírio's case, he was reportedly caught with $500 million playing the overnight money market—a Brazilian way to keep up with hyperinflation—when his funds were frozen. Obviously he is not poor from reform. But Antônio Ermírio is already prepared for austerity. At 62, he often drives his own modest car, and doesn't follow fashion trends: He wears dated suits. A workaholic (13-hour days), Ermírio says that he hasn't taken a vacation in 30 years.—**William Heuslein**

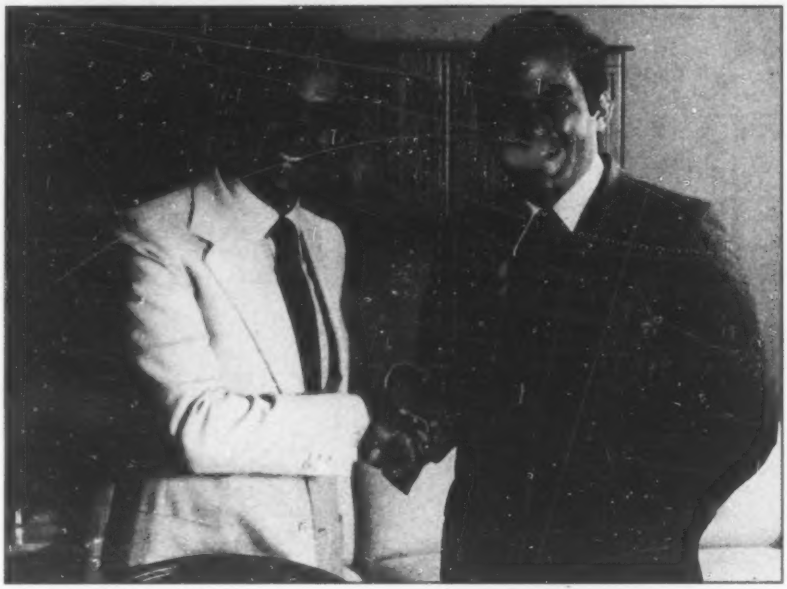
VENEZUELA

CISNEROS FAMILY

Back to the Americas

The Cisneros brothers have finally given up their own redevelopment of London's Paternoster Square, 4.2 acres adjacent to St. Paul's Cathedral. Last October the brothers sold the property for £160 million, around £80 million less than they paid for it—although they did retain a participating interest that could yield as much as 30% of the project's profits on completion. Target date: 1994.

Disappointed by this and other problems in the U.K. property market, the Cisneros brothers—Gustavo, 45, and Ricardo, 41—hope to do better



Gustavo and Ricardo Cisneros

with their businesses in this hemisphere. Their U.S. base is Spalding & Evenflo Cos., a sporting goods and baby products company bought in 1984. The brothers are on the prowl for a large U.S. consumer product company.

In Venezuela, Organización Diego Cisneros, started by their father, continues to grow, despite the country's economy. The company has the world's largest independent Pepsi franchise; supermarkets; department stores; and baby food, beauty aids and packaging companies. Its first major investment in basic industry—$280 million for 40% of a local aluminum processor—will come on stream in 1992. Right now the brothers are looking into Venezuela's newly privatized petrochemical industry, which had been a government monopoly since 1976.—**Claire Poole**

MEXICO

GARZA SADA FAMILY

Northward flows the capital

Last October Vitro, the $1.2 billion (sales) Mexican glass company controlled by the Sada side of the Garza Sada family, paid over $900 million for Anchor Glass Container Corp. of Tampa, Fla. It was the largest Mexican takeover ever in the U.S.

Turning Anchor around will be hard work. The Sadas have replaced Anchor's top management and have refinanced part of Anchor's debt. Over the next five years they plan to outfit Anchor with $400 million of Vitro-designed equipment—all part of a plan to let Anchor go after formidable market leader Owens-Illinois.

Bernardo Garza Sada

Sipa

From Monterrey the extended family controls three other big Mexican companies. Alfa, the $2 billion steel and petrochemical combine, has slashed debt from $2.7 billion to under $1 billion. It has also purged most of its foreign shareholders so it can invest in fields restricted to Mexican capital. Now, Alfa is looking at the 54% stake in Telefonos de Mexico the government is putting up for sale, as well as the steel company Sidermex.

The family's other two companies are Cydsa, the $550 million (sales) plasticsmaker, and Visa (sales, $1.2 billion), which brews Dos Equis and Tecate. Thanks to energetic restructuring and expansion of the group's assets—and to Mexico's recovery—their stake in the four publicly held companies comes to more than $2 billion.—**Claire Poole**

CANADA

CHARLES BRONFMAN

Less passive?

Charles Bronfman, Seagram heir and brother of New York-based Edgar, was burned when Cineplex Odeon (FORBES, *May 29, 1989*) got into trouble; its stock fell from 16 in April to 8½ in December 1989. Bronfman's investment vehicle, Claridge, owned 30% of the theater chain. Cofounder Garth Drabinsky wanted Bronfman's shares. But MCA, with 33% of the votes, blocked the deal. In December Bronfman raised his stake to 34%; being Canadian, he got in his Claridge executive as chairman, who cut costs.

One source thinks Bronfman might sell the 147 Canadian theaters, perhaps to Astral Bellevue, a company one-third owned by his cousins Edward and Peter (worth half a billion). Cineplex has sold 90 of its 342 U.S. houses. This year it wants to pay off $200 million of debt, over a third of the total. With $1.6 billion, including 17% in Seagram, Bronfman can keep Cineplex stock until new management straightens out operations.

Bronfman recently teamed with

Chris Morris/Financial Post

Charles Bronfman

Meanwhile, closer to home . . .

Even with sagging property values and Donald Trump's high-profile problems, the U.S. continues to hold the world lead in billionaires, with 62 identifiable individuals having a net worth estimated at over $1 billion as we go to press. Next, but still far ahead of the rest of the world, are Japan (with 40 billionaires)—where stratospheric real estate prices account for 16—and Germany (with 38). But a count of 62 for the U.S. is not the whole story; there are also 37 American families (comparable to the foreign families included on these pages) with estimated net worths exceeding $1 billion. The U.S. billionaires will be updated and covered in detail in the ninth annual Forbes Four Hundred, appearing in October.

Name/*Source of wealth*	**Net worth**
Kluge, John Werner/*Metromedia*	**$5.2 billion**
Buffett, Warren Edward/*Stock market*	**3.8 billion**
Gates, William Henry III/*Microsoft*	**3.2 billion**
Perelman, Ronald Owen/*Leveraged buyouts*	**2.8 billion**
Walton, Sam Moore/*Wal-Mart Stores*	**2.7 billion**
Walton, Alice L./*Inheritance (Wal-Mart Stores)*	**2.7 billion**
Walton, Jim C./*Inheritance (Wal-Mart Stores)*	**2.7 billion**
Walton, John T./*Inheritance (Wal-Mart Stores)*	**2.7 billion**
Walton, S. Robson/*Inheritance (Wal-Mart Stores)*	**2.7 billion**
Redstone, Sumner Murray/*Movie theaters, investments*	**2.7 billion**
Newhouse, Samuel Irving Jr./*Publishing, cable TV*	**2.6 billion**
Newhouse, Donald Edward/*Publishing, cable TV*	**2.6 billion**
Wexner, Leslie Herbert/*The Limited, Inc.*	**2.6 billion**
Arison, Ted/*Carnival Cruise Lines*	**2.5 billion**
Anthony, Barbara Cox/*Inheritance*	**2.5 billion**
Chambers, Anne Cox/*Inheritance*	**2.5 billion**
Perot, Henry Ross/*Electronic Data Systems*	**2.5 billion**
Pritzker, Jay Arthur/*Financier, manufacturing*	**2.4 billion**
Pritzker, Robert Alan/*Financier, manufacturing*	**2.4 billion**
Taubman, A. Alfred/*Real estate, art*	**2.2 billion**
Bronfman, Edgar Miles/*Seagram Co.*	**2.0 billion**
Bren, Donald Leroy/*Real estate*	**1.9 billion**
Crown, Lester (and family)/*Inheritance, industrialist*	**1.8 billion**
Packard, David/*Hewlett-Packard*	**1.8 billion**
Feeney, Charles F./*Duty Free Shoppers*	**1.7 billion**
Koch, Charles de Ganahl/*Inheritance (oil services)*	**1.7 billion**
Koch, David Hamilton/*Inheritance (oil services)*	**1.7 billion**
Helmsley, Harry Brakmann/*Real estate*	**1.7 billion**
Hillman, Henry Lea/*Industrialist, venture capital*	**1.7 billion**
LeFrak, Samuel Jayson/*Real estate*	**1.7 billion**
Simmons, Harold Clark/*Investments*	**1.7 billion**
Turner, Robert Edward (Ted)/*Turner Broadcasting System*	**1.7 billion**
Davis, Marvin Harold/*Oil, entertainment, real estate*	**1.7 billion**
Stern, Leonard Norman/*Pet supplies, real estate*	**1.5 billion**
Mars, Forrest Edward Sr./*Candy*	**1.5 billion**
Mars, Forrest Edward Jr./*Candy*	**1.5 billion**
Mars, John Franklyn/*Candy*	**1.5 billion**
Vogel, Jacqueline Mars/*Candy*	**1.5 billion**
Bass, Robert Muse/*Oil, investments*	**1.4 billion**
Bass, Lee Marshall/*Oil, investments*	**1.4 billion**
Hunt, Ray Lee/*Inheritance, oil, real estate*	**1.4 billion**
DeBartolo, Edward John/*Shopping centers*	**1.4 billion**
Annenberg, Walter Hubert/*Publishing*	**1.4 billion**
Milliken, Roger/*Textiles*	**1.4 billion**
Tisch, Laurence Allan/*Loews Corp.*	**1.3 billion**
Tisch, Preston Robert/*Loews Corp.*	**1.3 billion**
Kauffman, Ewing Marion/*Marion Laboratories*	**1.3 billion**
Anschutz, Philip Frederick/*Oil, railroads*	**1.3 billion**
Cooke, Jack Kent/*Real estate, investments*	**1.3 billion**
Icahn, Carl Celian/*Financier*	**1.3 billion**
Bass, Sid Richardson/*Oil, investments*	**1.2 billion**

Name/*Source of wealth*	**Net worth**
Kerkorian, Kirk/*Investments*	**1.2 billion**
Bechtel, Stephen Davison Jr./*Engineering, construction*	**1.2 billion**
Getty, Gordon Peter/*Inheritance (oil)*	**1.2 billion**
Hill, Margaret Hunt/*Inheritance (oil)*	**1.2 billion**
Rockefeller, David/*Inheritance, banking, real estate*	**1.1 billion**
Reynolds, Donald Worthington/*Publishing*	**1.1 billion**
Hewlett, William Redington/*Hewlett-Packard*	**1.1 billion**
Murdoch, Keith Rupert/*Publishing*	**1.1 billion**
Bass, Edward Perry/*Oil, investments*	**1.0 billion**
Gaylord, Edward Lewis/*Media, real estate*	**1.0 billion**
Ziff, William Bernard/*Publishing*	**1.0 billion**

U.S. family fortunes estimated at over $1 billion

du Pont/*Inheritance (Du Pont)*	**$10.0 billion**
Cargill/MacMillan/*Cargill, Inc.*	**4.8 billion**
Hearst/*Inheritance (media)*	**4.4 billion**
Mellon/*Inheritance*	**4.2 billion**
Dorrance/*Campbell Soup*	**3.8 billion**
Milliken/*Textiles*	**2.8 billion**
Lilly/*Pharmaceuticals*	**2.3 billion**
Busch/*Anheuser-Busch*	**2.0 billion**
Phipps/*Inheritance (steel)*	**1.9 billion**
Upjohn/*Inheritance (Upjohn Co.)*	**1.9 billion**
Hughes/*Inheritance*	**1.8 billion**
Ford/*Inheritance (Ford Motor)*	**1.7 billion**
Disney/*Walt Disney Co.*	**1.6 billion**
McCaw/*McCaw Cellular*	**1.6 billion**
Dayton/*Dayton Hudson*	**1.5 billion**
Lauder/*Cosmetics*	**1.5 billion**
Collier/*Real estate*	**1.5 billion**
Rudin/*Real estate*	**1.5 billion**
Bancroft/*Dow Jones*	**1.4 billion**
Scripps (E.W.)/*Inheritance (newspapers)*	**1.4 billion**
Blaustein/*Inheritance (oil)*	**1.4 billion**
Chandler/*Times Mirror*	**1.4 billion**
Cullen/*Oil*	**1.3 billion**
Hall/*Hallmark Cards*	**1.3 billion**
Hoiles/*Publishing*	**1.2 billion**
Nordstrom/*Retailing*	**1.2 billion**
Donnelley/*R.R. Donnelley & Sons*	**1.1 billion**
Wattis/*Inheritance (Utah International)*	**1.1 billion**
Gund/*Inheritance*	**1.0 billion**
Temple/*Inheritance (timber)*	**1.0 billion**
Marriott/*Inheritance (Marriott)*	**1.0 billion**
Weyerhaeuser/*Inheritance (timber)*	**1.0 billion**
Weis/*Weis Markets*	**1.0 billion**
Durst brothers/*Real estate*	**1.0 billion**
Allen/*Stock market, real estate*	**1.0 billion**
Bacardi/*Liquor*	**1.0 billion**
Brown/*Whiskey*	**1.0 billion**

Robert Maxwell in an unsuccessful bid for the *Jerusalem Post.* Claridge has over $60 million invested in Israel; a spokesman says Bronfman is looking for more Israeli investments to "demonstrate his faith." He also owns the Montreal Expos.—**Manjeet Kripalani**

KENNETH COLIN IRVING AND FAMILY

New Brunswick's economic miracle

Over the past year the Irving family has been elbowing its way hard into the U.S. Two years ago they had three gasoline stations in Maine; now they have 200, plus 25 in New Hampshire. In addition, the Irvings own 2 million acres of timber in Canada's Maritime Provinces and in Maine; paper mills; Canada's largest and most efficient oil refinery; more than 1,000 service stations; trucking companies; one of Canada's best shipyards; and a fleet of ships. Not to mention the entire English-language press in New Brunswick.

A living legend at 91, K.C. Irving started with a single gas station in 1924 and today controls his kingdom from his estate in Bermuda or his summer penthouse in St. John, New Brunswick. His three sons, James, Arthur and Jack (known among employees at petroleum-based Irving as "Oily, Greasy and Gassy"), are college dropouts—like their father. They manage the day-to-day functions.

In many ways, the Irving empire is run much like the corner grocery store, which could someday cause problems in so vast a business. But so far the publicity-shy Irvings have done just fine, thank you. With a net worth of $5 billion and growing, the Irvings continue to provoke wrath and inspire awe. They have political influence and they know how to use it.—**Manjeet Kripalani**

Peter Redman/Financial Post

K.C. Irving

GALEN AND GARRY WESTON

Hyperflop cleanup

Galen Weston, age 49, controls George Weston Ltd. from Toronto, while his brother Garry, 62, in London, quietly rules giant Associated British Foods.

The enterprising Galen has been cleaning up a mistake: his decision in the late Seventies to open hypermarkets across Canada. The stores were successful in wide-open western Canada, but they bombed in eastern Canada.

Brian Condron/Financial Post

Galen Weston

What to do? Galen Weston converted some of the hypermarkets into regular Loblaws Supermarkets, Canada's largest supermarket chain (Loblaws is a George Weston division). Most of the remaining space has been converted into department stores, movie theater complexes and fast-food outlets. George Weston currently is focusing on what it does best: food processing and distribution.

In London, brother Garry owns 63% of ABF, which provides a third of Britain's bread and owns top-selling brands such as Twinings tea. After selling such assets as Gateway Plc. last year *(see Germany's Erivan Haub),* ABF is now sitting on nearly $2 billion in cash. Observers reckon that Garry Weston might bid a second time for Berisford, the U.K.'s largest sugar company.

Garry Weston

Garry Weston is cautious; he reportedly takes the underground to meet his bankers. Extroverted Galen is well known in Britain, where he spends two months a year, for playing polo with Prince Charles.

All of which would make the original George Weston, who was a baker's apprentice, proud. The family holdings in Weston Ltd. and ABF are up to a total of $2.7 billion.—**Manjeet Kripalani**

PAUL, ALBERT AND RALPH REICHMANN

The $6 billion canary

Easily Canada's wealthiest family, with a combined fortune of $9 billion, the Reichmanns can take in stride the much-reported crumbling of Campeau's empire, in which they have a $600 million investment.

But can they take in stride the general weakening of the real estate market in the U.S. and the problems of their $6 billion Canary Wharf project in London?

Probably. Their base is 50 million square feet of prime real estate in North America alone. Mortgages on the family's properties in New York, where their Olympia & York owns 25 million square feet, suggest that the Reichmanns have financed their deals with roughly as much equity as debt—pretty conservative leverage for property developers.

The Reichmanns also own a $5-

Paul Reichmann

Peter Redman/Financial Post

billion-plus portfolio of blue-chip Canadian energy-, land- and industry-related stocks. And they are planning to take their giant GW Utilities private.

But huge Canary Wharf is off to a rocky start. Currently about 20% of the proposed 11 million square feet has been committed. Rents in the City of London have dropped by almost 20%, and U.K. real estate market observers say the brothers have been offering competitive tenant inducements. Yet the Reichmanns are looking even further afield: Olympia & York is proposing a $250 million, 60-story office tower in downtown Moscow and bidding with a consortium of Japanese banks to design office buildings on 15 million square feet in Tokyo.

The Toronto-based Reichmanns have come a long way since the family fled Austria in 1938. They are highly regarded in property circles for their intelligence, honesty and quality work. Still, the weak property markets here and in London will test their skills.—**Manjeet Kripalani**

KENNETH ROY THOMSON

Working on Hudson's Bay

The reigning Lord of Fleet, 66, consolidated the family's far-flung media and leisure travel businesses last year into Thomson Corp. By one count it is the world's fourth-largest media conglomerate, after Time Warner, Bertelsmann and Capital Cities/ABC. The group owns over 200 U.S. and Canadian publications, including the Toronto *Globe and Mail* and *American Banker*.

Meanwhile, the big U.K. travel business was down last year, in part because of high interest rates. And Thomson's 1979 acquisition of 75% of Canada's Hudson's Bay Co. has yet to prove itself. Son and heir apparent David, 33, was reportedly involved in turning around one of the Bay's several chains (Zellers); and recently analysts have been sounding optimistic on the rest. Thomson wants to spin off Markborough Properties, Hudson's Bay's real estate subsidiary that represents a big chunk of Hudson's market value.

Canapress

Kenneth Thomson

Unlike his flamboyant father, Roy Thomson, Kenneth Thomson lives modestly, tending his 200 valuable Cornelius Krieghoff paintings, his rare ivory carvings—and 70% of Thomson Corp., recently worth nearly $5 billion.—**Manjeet Kripalani**

EATON FAMILY

Success breeds cohesion

The legacy of the first Eaton in Canada (Timothy, an Irish emigré who opened his Toronto store in 1869) currently is worth some $1.3 billion to his great-grandchildren. They preside over Eaton's, Canada's largest retailer after Sears, Roebuck: 110 stores nationwide, with estimated profits of $50 million.

The Eaton family is by now as Canadian as the maple leaf: One out of five Canadians has worked for Eaton's at some time. In Toronto Eaton Centre and Eaton's flagship store have become major tourist attractions.

Of the current generation Fredrik Stefan, 52, is the chairman of T. Eaton Co., the retailer. His brother George Ross, 44, is the president. Another brother, John Craig, 53, runs holding company Eaton's of Canada with his brother Thor, 47.

The Eatons also own 52% of Baton Broadcasting, the private Canadian television broadcaster.

If there is a weak spot, it is a small one: Simpsons, the Toronto-area department store chain that is controlled by the Thomsons *(which see)*, has a store next to the Eaton Centre. Some Toronto shoppers say that the Simpsons store is better on quality and image.

On the other hand, the Eaton family has not prospered for a century through complacency.

With all those brothers, you would expect family infighting, but none is discernible. "The decision making is remarkably cohesive," says William Chisholm, retailing analyst at Loewen, Ondaatje. "You might even say boring."—**Manjeet Kripalani**

Fredrik Eaton

Photos by Brian Condron/Financial Post

John Craig Eaton

EUROPE

DENMARK

KRISTIANSEN FAMILY

The perfect toy

For four decades the Kristiansens have been producing those ubiquitous little plastic Lego construction bricks. Lego Group is a closely held, secretive company. Sales are an estimated $700 million, up 15% last year. The family is worth $1-billion-plus.

Lego Group was founded in 1932 in the small Jutland town of Billund, by carpenter and joiner Ole Kirk Christiansen (the younger generation changed the spelling). At first he made ironing boards, stepladders and wooden toys. The name Lego comes from the Danish *leg godt,* or "play well."

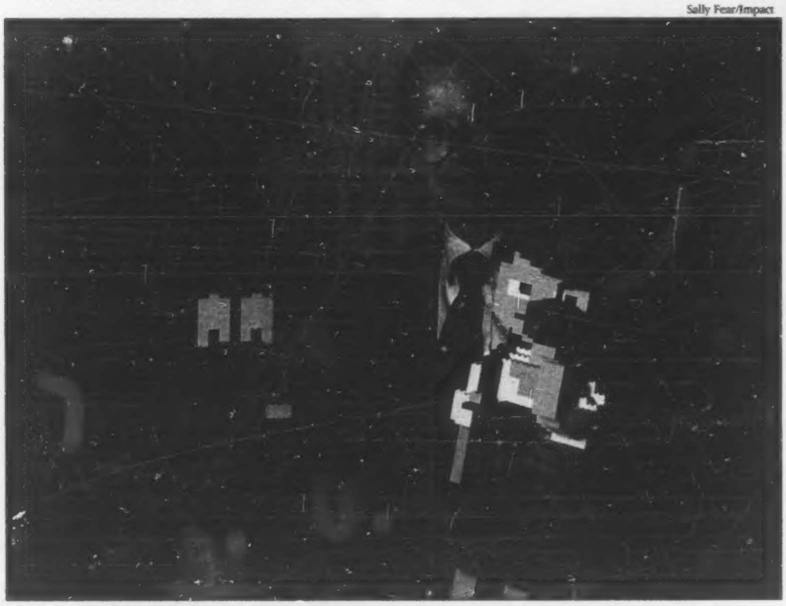
In 1949 Christiansen tried plastic bricks. By 1958 the last interlocking configuration, in use today, was perfected. (Six of the eight-stud bricks can be combined in 102,981,500 ways—this is not counting colors.)

Ole's son Godtfred Kirk Christiansen saw that his father's little bricks fulfilled his ten principles defining the ideal toy:

- unlimited variations for play
- no time limit on play
- good for all ages
- for boys and girls alike
- good all year round
- never out of date
- safe and of good quality
- stimulating, but with no fighting
- encourages imagination
- and the more of it the kid buys, the better the toy gets.

It's those add-on purchases that keep Godtfred, now 70, and his son, current president Kjeld Kirk Kristiansen, 42, smiling. Rather than just replacing older Lego bricks, new shapes and sizes revive and enhance the toy. Now Lego even sells software to computer-control Lego constructions. For those who want to see the toy's full potential, there's the Legoland amusement park in Denmark, complete with Lego cities and Lego Statue of Liberty, as well as Lego Mount Rushmore.—**William Heuslein**

Sally Fear/Impact



Kjeld Kirk Kristiansen

GREECE

STAVROS NIARCHOS

Greek tragedy

This legendary shipowner and archrival of the late Aristotle Onassis likes to call himself a "first-generation Niarchos." His father married the daughter of a prosperous grain miller from Piraeus, then immigrated to Buffalo, N.Y. The couple grew homesick. On July 3, 1909, three months after they returned to Piraeus, Stavros was born. He eventually went to work in the family flour mill.

Benaroch/Sipa

Stavros Niarchos and sons

The young man saw that most of the mill's wheat was imported, and he realized he could save the mill money by buying, instead of chartering, ships to transport the grain. In 1935 he bought his first ship, reportedly for $50,000. A decade later he began convincing major oil companies to sign long-term charters for yet unbuilt tankers. He then parlayed the contracts into financing for ships.

Rivalry with Aristotle Onassis spurred Niarchos to build Greece's first shipyard, in 1957. Onassis countered by founding Olympic Airways. The rivalry did not stop at business. As in a Greek tragedy, in 1947 Niarchos married Eugenia Livanos, daughter of another famous Greek shipping magnate. It was one year after Onassis had married Eugenia's sister, Tina. Eugenia died in 1970 of an overdose of sleeping pills.

In 1971, after a brief marriage to Charlotte Ford, Niarchos married Tina Livanos Onassis, by then Aristotle's ex-wife and mother of Christina Onassis. Like her sister Eugenia, Tina died of an overdose of sleeping pills, in 1974.

While his private life has been tragic, Niarchos has triumphed in business. He currently owns 24 vessels worth an estimated $300 million—8 tankers and 16 bulk carriers. At 81, he has far more than ships: a substantial portfolio of U.S. Treasurys, blue-chip stocks, real estate and gold and one of the world's finest private collections of Impressionist art, much of it at his 18th-century Hôtel de Chanaleilles in Paris. FORBES found an estimated $1.2 billion of net worth.—**Spyros Manolatos**

JOHN LATSIS

A Greek bearing gifts

John Latsis, 80, keeps a model of the ferry he worked on in his office, lest he forget his humble origins. Born to a poor family from the Peloponnisos, Latsis was at first a fisherman, then a baggage handler on the Aegean ferries. He got his break in the 1930s, when he became the European representative for United Molasses of Egypt. Through Arab contacts he got financing for two ships based on a contract to transport Muslim pilgrims to Mecca. He eventually became close friends with King Idris of Libya and President Nasser of Egypt. It is believed he lent his whole fleet to Egypt in its 1967 war with Israel.

Latsis reportedly bought fellow Greek shipping tycoon Stavros Niarchos' yacht, the *Atlantis*, for $35 million and gave it to King Fahd of Saudi Arabia. Renamed the *Abdul Aziz* this is the yacht often described as the most opulent in the world. From such generosity have come lucrative contracts. One of Latsis' most recent projects is a 50-50 joint venture with Petromin, the Saudi state oil company—the new $3.5 billion refinery in Rabigh near the Red Sea.

L'Hebdo

John Latsis

Latsis' oil interests are held under Petrola International. For construction work, he uses his Geneva-based Société Générale pour l'Industrie. He owns Banque de Dépôts of Geneva equity, $177 million. In 1989 Latsis founded Private Bank & Trust Co. in London with what is thought the largest initial equity ever approved by the Bank of England—£100 million. His umbrella company is Interlatsco, of Luxembourg.

Latsis is married to his childhood sweetheart. They have two daughters and one son, Spyros, who has a doctorate from the London School of Economics and is being groomed in Geneva to take over the business—and be generous.—**Spyros Manolatos**

GOULANDRIS FAMILY

Will the cousins return?

All 32 first cousins in this closely knit Greek shipowning family hail from the island of Andros, whose tradition of commerce dates to ancient times. The family fortune was created by the cousins' grandfather, Captain Ioannis Goulandris. The captain's grandsons now tend to a shipping-real-estate-art-liquid-investments fortune that's estimated at $1-billion-plus.

There are three basic branches of Goulandrises. N.J. Goulandris, based in Zurich, has the largest shipping fleet, 6 tankers and 13 bulk carriers. A second branch operates as Goulandris Bros., based in London, with 4 bulk carriers. The third branch goes by the corporate name Orion & Global Chartering, with principal offices in New York and London.

Orion & Global liquidated its 25 vessels in 1986-87 to continue diversifying into real estate throughout the U.S. and London, and even Greece. Among other things, Orion owns its office building at 29 Broadway in New York. This branch may be the richest: In 1985, before selling the ships, Orion could show $500 million in liquid assets.

The Goulandris family is now dipping a toenail into Greece. Early this year the cousins teamed up with fellow Greek shipping magnates Vardinoyannis and Livanos to buy the defunct Bank of Chios from the state-controlled National Bank of Greece for nearly $17 million. The money is not significant to them, but the move might be.

This is one of the first attempts by the Greek government at privatization, after years of would-be socialism. These shipowners, who typically keep their business assets far away from Greece, are giving their homeland a small try.—**Spyros Manolatos**

UNITED KINGDOM

GERALD CAVENDISH GROSVENOR

Long-term view

"The Grosvenor Estate has always been a long-term investor," says Daryl Delmotte, who runs Grosvenor International Holdings Ltd., the estate's Vancouver-based international investment operation. It's an outlook that turned a 17th-century snipe bog dowry into a $3-billion-plus global property empire controlled by Grosvenor, sixth Duke of Westminster, now 38. Its core holdings are in London's Mayfair and Belgravia but spread as far as North American shopping centers and an Australian sheep station.

Topham/Image Works

Gerald Cavendish Grosvenor

Some of that is a 10% to 20% piece of over $2 billion in partnerships with institutional investors, pension funds and big private individuals, for which Grosvenor supplies advice as well as equity. They invest with a ten-year time horizon, strictly in English-speaking countries, where the culture and legal systems are familiar.

Grosvenor's favorite choice: Vancouver, B.C., burgeoning, clean, pleasant, and full of Hong Kong flight capital. The U.S. ranks high, too. Grosvenor recently launched a partnership with Sweden's Lundbergs *(which see)* that picked as its first project a $75 million office building in Sacramento, Calif. Buy or build North American West Coast, Delmotte's saying, but stick to quality. No snipe bogs, please.—**William Heuslein**

ROBERT MAXWELL

Growing empire

I love America," Robert Maxwell says. And well he should. Maxwell Communication Corp., once a humdrum, low-margin printer, is now a high-profile publisher, with 90% of its assets and 80% of its sales and operating profits in the U.S. The holdings include Macmillan, Official Airline Guides and Pergamon Press.

Terry O'Neill/Sygma

Robert Maxwell

Maxwell, 67, and his family own 53% of MCC, which is worth $1.2 billion. There's also his private Mirror Group—primarily British newspapers—worth an estimated $500 million, and Pergamon Holdings, a private investment company.

He's currently in a whirl of new activity: an English-language pan-European weekly, launched in May to mixed reaction; 40% of a Hungarian newspaper, *Magyar Hirlap*; and many Israeli investments.

The latter include one-third of *Maariv,* Israel's second-largest newspaper; 18% of Teva Pharmaceutical; and 27% of a maker of electronic graphics equipment. "I'm a great believer that peace will eventually come to the area," Maxwell told FORBES. He may also be betting on Israel's increasing moves to privatize its heavily socialized economy. Whatever, he believes in it enough to put in $200 million so far.—**William Heuslein**

OCTAV BOTNAR

Panamanian puzzle

If one is to believe Octav Botnar, he no longer has any stake in or control over the giant Nissan UK auto distributor he founded in 1968. He has told the press that he "gave" his 71.5% ownership in NUK, now worth $1.2 billion, to a Panamanian charitable trust in 1975.

A Panamanian trust is a great way to stash cash, pay no tax, retain control and regain ownership at will. Under Panamanian law, your charitable trust can be revocable and you can name yourself beneficiary. And you do not have to distribute income unless you want to. Fiduciaries, representatives, employees governmental or private—anyone involved—must keep strict secrecy or draw up to six months in jail and fines. However, the one thing you will probably not do is actually transfer any assets to Panama.

As the sole distributor of Nissan, Botnar supplies 6.2% of England's autos, and NUK (sales, $1.9 billion) is a model of vertical integration. It owns land at the ports of Bristol and Teeside, where cars are unloaded; the trucks to haul cars; and 200 of the 420 outlets. His retail/financing arm was split off last year as a separate entity and sold to Union Bank of Switzerland in Luxembourg. Cut through all the international tax law complexity, and what you find is a very smart billionaire whose money will serve a greater common good—but who will remain in firm control for as long as he wants.—**Dolores Lataniotis**

Jack Burke

Octav Botnar

DAVID SAINSBURY AND FAMILY

It pays—and costs—to keep up

That perennially excellent performer on the U.K. retail scene, J Sainsbury Plc., is investing heavily in the future of affluence. Its quality-conscious customers are more mobile, so Sainsbury's is building modern food superstores on the edge of town, away from the traditional High Street grocery outlets in town.

Topham/Image Works

David Sainsbury

The expansion doesn't come without cost. Good retail locations in Britain are prized and costly. Interest charges are mounting, along with labor costs: This spring Sainsbury's had to give an extra 11% in pay to decrease staff turnover. Last year sales topped $12 billion, but the company's growth rate has slowed by about 2%.

Sainsbury's has hedged its U.K. bets with a modest U.S. diversification: Shaw's Supermarkets, based in East Bridgewater, Mass., has 66 food stores throughout New England. Its 1989 sales were $1.7 billion.

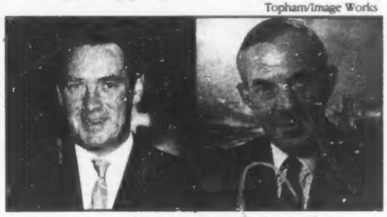
David Sainsbury, 49, deputy chairman, is likely to succeed the current chairman, his cousin Lord Sainsbury, 62, great-grandson of the founder. Whatever happens, the family will retain the luxury of thinking long term: It has around half the stock; David alone has 25%. Which helps explain Sainsbury's financial respect—witness a recent market cap of $7.6 billion—along with all that consumer respect.—**William Heuslein**

SAMUEL, LORD VESTEY AND EDMUND VESTEY

Butchers on the block?

The Vestey family built its $2 billion fortune over the last century by importing meat to nourish Britain's growing masses. They're still a classic case of global, vertical integration: tightly controlled from the top, raising, shipping, insuring and storing meat for wholesale and retail.

Topham/Image Works



Samuel, Lord Vestey, and Edmund Vestey

At the top: Lord Vestey (Samuel), 49—and cousin Edmund, 58. They make major decisions jointly, governing at least 200 very private companies on six continents with visible annual turnover of over $2 billion.

There is J.H. Dewhurst Ltd., Britain's largest retail butcher, with 1,200 outlets. It's been catering to affluent clients with "personal service" and "custom cuts," but there is competition for such retailers from cost-efficient supermarkets. Managing director Colin Cullimore mourns that 1989 was quite the worst for Britain's meat retail trade in his 25 years of running the business for the Vesteys.

Dewhurst has been sinking huge sums into buying competition as the retail butcher industry consolidates. That strategy could pay off long term, even if Dewhurst doesn't: Insiders figure the Vesteys could close Dewhurst, still sell meats at wholesale—and make a killing selling all those butcher shops to Britain's location-conscious retailers.—**William Heuslein**

SIR JOHN MOORES

Beyond mail order

In an economy hit by high interest rates, British retailing has become cutthroat. Sales are sluggish, profits weak. Yet the British consumer, more affluent after the Thatcher decade, is getting a bit more fussy. Downscale is defnitely out, and that's a problem for Sir John Moores' Liverpool-based Littlewoods Organisation Plc., one of the U.K.'s largest private companies. The mail-order catalog business, viewed as somewhat déclassé, has been in serious decline. So Littlewoods, headed by 55-year-old Desmond Pitcher, is trying its Index catalog showrooms, a retail concept until now dominated in Britain by Argos, recently part of B.A.T. The catalog is in a real store, the goods ready in a warehouse in back.

So far, success. Littlewoods is aggressively opening new stores, taking a loss last year to get up to 79 new units. Sixteen additional openings are planned for 1990, but analysts expect Index to break even this year. Littlewoods' overall pretax profits fell to $108 million last year, from $121 million in 1988. Meanwhile, Sir John, 94, worth over $1 billion, is content to count the profits from his dominant position as a soccer-pool operator, his first business and the basis for his success.—**William Heuslein**

ITALY

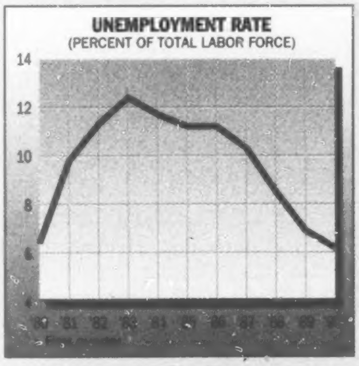
FERRUZZI FAMILY

Renaissance man

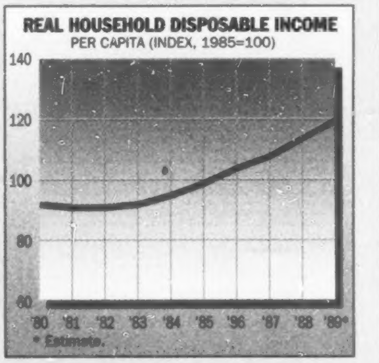
The empire created by the late Serafino Ferruzzi is run by son-in-law Raul Gardini, 57. The Ferruzzi Group (revenues, $40 billion) owns Indiana feed producer and oilseed processor Central Soya. The Chicago Board of Trade imposed an emergency liquidation order on the soybean market last summer to avert the possibility that Ferruzzi and Central Soya might corner soybeans. Ferruzzi officials maintain that they were trading legiti-

The rising tide that lifted most Brits

Yes, British inflation is running at nearly 10%, interest rates stay stuck at 15%, and everybody's braced for recession. But look back on the Thatcher decade for some perspective. The British standard of living is far better today than in 1980. The improvement is reflected in the U.K. billionaires' fortunes. Octav Botnar with his Nissan automobiles, for instance, benefited, as did the Sainsburys with their premium groceries and larger, edge-of-town supermarkets. The Duke of Westminster's land values went up. But as every smart businessman knows, past performance does not guarantee future success.

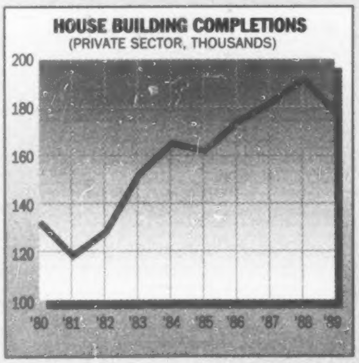


UNEMPLOYMENT RATE
(PERCENT OF TOTAL LABOR FORCE)

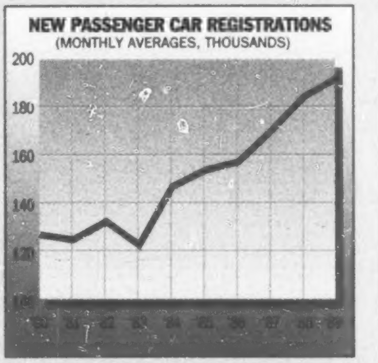


REAL HOUSEHOLD DISPOSABLE INCOME
PER CAPITA (INDEX, 1985=100)

* Estimate.



HOUSE BUILDING COMPLETIONS
(PRIVATE SECTOR, THOUSANDS)



NEW PASSENGER CAR REGISTRATIONS
(MONTHLY AVERAGES, THOUSANDS)

Sources: OECD; Central Statistical Office and Department of the Environment, U.K.

mately; "It was the biggest thing since the Hunts came along and cornered silver in 1980," says trader William Biederman of commodities brokerage Allendale Inc.

On the Soviet front, various Ferruzzi divisions are getting set to build polypropylene plants, help cultivate soybeans, corn and sugar beets, and build or modernize agricultural processing plants, investing an estimated $2.5 billion.

At home, Raul Gardini has been embroiled in a bitter dispute over Enimont, a joint venture between government-owned ENI and Ferruzzi-controlled Montedison which was designed to rationalize the Italian chemicals industry. Marvels analyst Paolo-Fillippo Lardera at UBS Phillips & Drew: "I have never seen anyone so aggressive toward the state before Gardini."

Enzo Signorelli/Gamma-Liaison

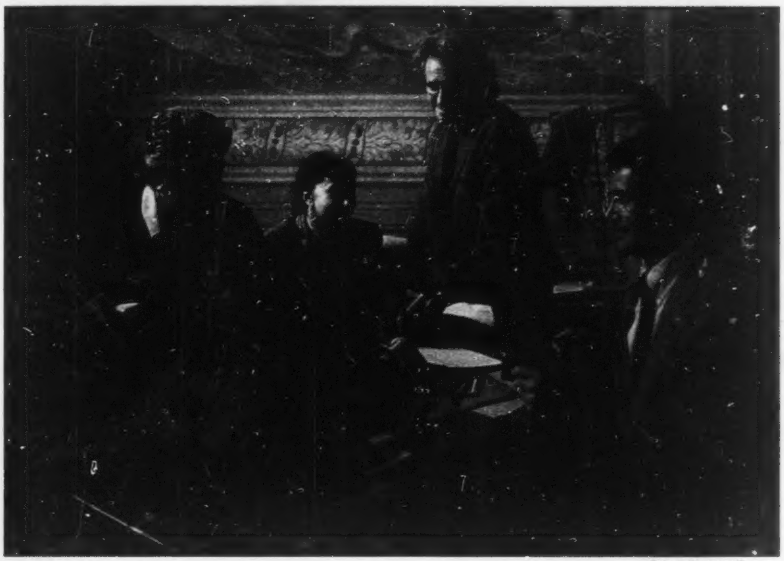
Raul Gardini

Anything else? Oh, yes. Gardini, an avid yachtsman, is spending at least $30 million of Montedison's money to win the next America's Cup. Overseeing a family fortune worth upwards of $1 billion, he's entitled to a little fun. **—Katherine Weisman**

BENETTON FAMILY

Back to basics

After their humbling retreat from financial services this year, the four Benetton siblings—Giuliana, Luciano, Gilberto and Carlo—are back at what they know best: retail apparel, worldwide. Edizione, their private holding company, is focusing on its 1989 acquisition of $230 million (sales) Nordica, and a new line of skiwear and accessories, as well as a sportswear collection.



The Benetton family

Gianni Giansanti/Sygma

Just as it grew rapidly in the U.S. in the 1980s, so publicly held Benetton is hoping to grow in the Far East in the 1990s. It acquired 50% of a licensee selling its goods to Japan, and hopes to almost double its existing 440 Asian outlets—under the Sisley, Formula One and United Colors names. A Tokyo stock exchange listing is still in the works.

The four Benetton siblings, who together are worth at least $1.7 billion, seem to have a knack for getting along and running things, and for producing successors. Giuliana, 55, the design wizard, has a daughter, Paola, following in her footsteps. Mauro, the eldest son of Luciano, 53, works on the Sisley line. There are 12 other sons and daughters around for when their parents decide to slow down, which, by all indications, won't be anytime soon.**—Katherine Weisman**

GIOVANNI AGNELLI AND FAMILY

Motorizing Moscow

Fiat did its first business in Russia in 1912, under Giovanni's grandfather. When Giovanni became chairman, in 1966, he started the famous Togliattigrad plant; today it produces over half of Russia's cars. Now Gianni is betting an estimated $5.8 billion with the Soviets over the coming decade. A joint venture with Moscow, signed last December, will give Fiat 30% of an ultramodern Fiat-designed plant situated in Yelabuga, 650 miles east of Moscow. Starting in late 1993, the plant will make 300,000 cars a year; 200,000 are for the Soviet Union, the rest for Europe. Another agreement was signed in January to produce an additional 300,000 cars. Meanwhile, Fiat's nonautomotive side (which accounted for 15% of Fiat's $41 billion in revenues last year) is now actively shoring up its European positions with acquisitions, divestitures and joint ventures.

Agnelli is also cementing the family hold on Fiat. Last fall 7.5% of the family holding company's stock went into the presumably friendly hands of the Aga Khan *(which see)*, a sailing chum of Giovanni's. Younger brother Umberto, 55, will be the next chairman. The Agnellis' 40% of Fiat forms the core of a fortune worth more than

Siccaro-Contrasto/Picture Group

Giovanni Agnelli

$4.7 billion. Gianni's stake alone is worth over $1.7 billion; he hopes his Russian friends will help him expand that sum.—**Katherine Weisman**

SILVIO BERLUSCONI

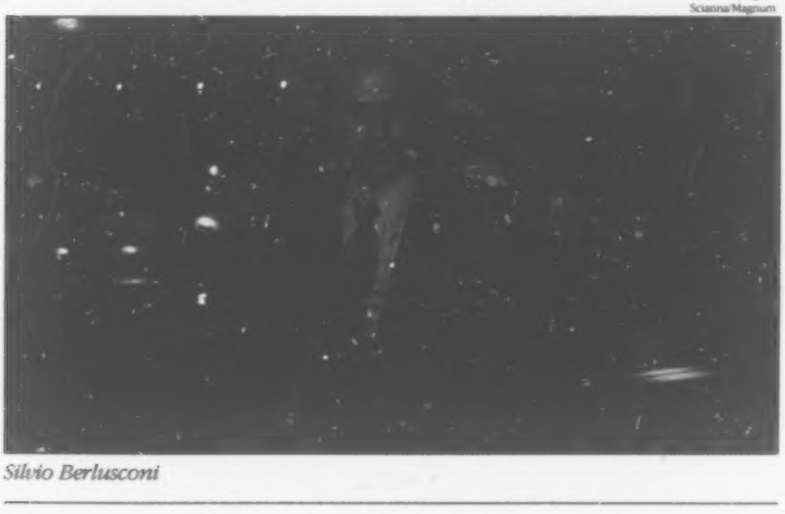
What, me consolidate?

For media mogul Berlusconi, 1990 is the Year of Mondadori. Rival (but not billionaire) Carlo de Benedetti bought into one side of a celebrated family squabble at Mondadori, one of Italy's top two publishers. De Benedetti alienated that faction, which then allied with Berlusconi. Says Luca Formenton, a key heir: "He [Berlusconi] is a great motivator of management and people." Berlusconi was named Mondadori chairman last January, but the battle over Mondadori is locked up in lawsuits, and Berlusconi has had to relinquish his position to a court-appointed trustee. But if the courts finally decide in Berlusconi's favor, Mondadori could raise Fininvest revenues ($5 billion last year) by as much as $2 billion.

Another glitch: A bill appeared in Italy's parliament in the spring attacking media monopolies. Silvio's TV network now has a 43% market share. If passed, the bill's amendments would hurt his empire by regulating commercial TV advertising, the main source of Fininvest revenues.

What next for this fellow, whose current worth is about $2 billion? "There are two schools of thought," says Fininvest executive Oliver Novick. "One is that it's time to consolidate what we have. But Berlusconi is a tremendous entrepreneur, and ideas are always bubbling up. . . . I think he'd really like to see soccer take off in the U.S."—**Katherine Weisman**

Scianna/Magnum



Silvio Berlusconi

SALVATORE LIGRESTI

Unloved but unpoor

Rightly or simply out of prejudice, many Italians suspect that the real estate and construction empires of Sicily's Salvatore Ligresti grew from shady beginnings. Ligresti understands he has an image problem. So, last November, he took one of his private holding companies, Premafin, public in Milan with the backing of Mediobanca, the investment banker to Italy's business elite. But despite the Mediobanca imprimatur, Premafin's offering was undersubscribed.

Olympia

Salvatore Ligresti

Aside from real estate development, mainly in Milan, Premafin's holdings include SAI, Italy's third-largest insurer; Grassetto, a public works construction company; and a major toll highway, Autostrada Torino-Milano. Ligresti wants to expand abroad. Grassetto has signed with the Soviets to build an industrial park in Moscow, has a joint venture in Yugoslavia to build harbors on the Adriatic, and has even won a $46 million contract for work on the U.S.' Interstate Highway 75. SAI, meanwhile, has acquired minority interests in three European insurers outside Italy. Ligresti's 77% holding in Premafin, plus buildings, hotels and private medical clinics he owns personally, all add up to a fortune worth $1.4 billion or more.—**Katherine Weisman**

MICHELE FERRERO

Sweet success

Michele Ferrero has built his father's company, Brussels-headquartered Ferrero SpA, into the world's sixth-largest confectioner (sales, near $2 billion) by knowing what people like. "Michele Ferrero has to be the most successful new-product creator in the candy business since the end of World War II," says one industry observer. Among his most successful products are the Tic Tac breath mints in the U.S., introduced in 1971, and Nutella, the chocolate hazelnut spread.

At the moment, Ferrero, 65, is test-marketing "Confetteria Raffaello" in the U.S.—coconut and almond cream candies selling for 25 cents each. Ferrero's son Giovanni is involved in Ferrero's international marketing; another son, Pietro, works on the manufacturing side of the business.

Michele Ferrero likes to roam through his new plant in Arlon, Belgium, near Luxembourg. Word has it factory managers get frustrated with his endless tinkering. But that's how he has built the company's value to at least $2.3 billion.—**Katherine Weisman**

FRANCE

SERGE DASSAULT AND FAMILY

Serge surges

The outbreak of peace is tough on a company built to supply Mystère jets and Mirage fighters to the world. When Serge Dassault, now 65, took over Avions Marcel Dassault (now Dassault Aviation) on his father's death in 1986, he had to shutter plants and cut workers, many of whom had spent their working lives at the company. More may have to go.

Serge is living in the shadow of a legendary father, Marcel Dassault, an exceptional aeronautical engineer who worked almost every day of his 94 years, becoming the richest man in France and possibly one of the most influential. Serge's struggle to finance the Rafale combat aircraft, due to enter the French air force in 1996 and the navy in 1998, indicates waning clout. So does Dassault's depressed stock price.

Yet Serge and his family return to the billionaire ranks this year. Serge has proved an able investor. He now owns 61.5% of Dassault Electronique (missile guidance and electronic banking) and 28.5% of Intertechnique (aircraft electronics and computers). There's 20% of Europe 1 Communication, one of France's most popular radio stations; 15% of Institut Mérieux (AIDS research); and Château Dassault, in Bordeaux' St. Emilion region. Together Serge, his mother and older brother share a visible fortune worth $1 billion.—**Manjeet Kripalani**

Jacques Langevin/Sygma

Serge Dassault

SEYDOUX/SCHLUMBERGER FAMILY

Savvy strategist

Jérôme Seydoux stunned the Parisian business community when early this year his Chargeurs sold its 54% stake in UTA, his profitable private airline, to Air France for over $1 billion cash. The move was unexpected, but totally in keeping with Seydoux' often surprising—but shrewd—business moves. With 1992 approaching, France wants to consolidate its airline resources. Observers say Seydoux may have gotten a quid pro quo from the government.

Chargeurs also has 22% of the world market of the wool trading and combing industry and 12% of BSB (British Satellite Broadcasting). "My eye is turned on a horizon five years from now," Seydoux said recently, in a rare comment.

Jérôme Seydoux

Patrick Hamon-Keystone/Picture Group

Normally, the Seydoux, and their cousin Schlumbergers, prefer to avoid the limelight. Brother Nicolas, who owns two-thirds of Gaumont, a successful Paris-based film company, represents the Seydoux on the board of oil services giant Schlumberger Ltd., which is the foundation of the family fortune.

The family owns about 23% of the company, and most of the 20-member third generation is spread across Europe and the U.S. Cousin Dominique de Menil is a benefactor of the arts in Houston. Altogether, they're worth $3.7 billion—and used to taking the long view.—**Manjeet Kripalani**

VUITTON FAMILY

Trojan horse

Vuitton family patriarch Henry Racamier, 78-year-old husband to the original Louis Vuitton's great-granddaughter, sealed his own fate. Two years ago, LVMH (for Louis Vuitton Moët Hennessy), the luxury goods group Racamier built, was under attack. Looking for allies, Racamier invited Bernard Arnault, now 41, to invest in the company. But Arnault was a Trojan horse working for his own account.

After securing support from other companies that among them held 44% of LVMH, Arnault drove Racamier out of LVMH and installed himself as chairman. Racamier still retains his 17.4% holding in the company; his stake is still worth over $1 billion.

It appears unlikely that the formidable Racamier would build up a business to compete with LVMH. But he has Orcofi, the Vuitton family holding company, which recently bought 95% of Lanvin in equal partnership with L'Oréal. Orcofi also controls Gordon Choisy S.A., a leather tannery that has catered largely to Louis Vuitton, and will perhaps be looking around for new customers. Whether Racamier will hold on to or sell his LVMH shares keeps a lot of French investors guessing.—**Manjeet Kripalani**

J. Andanson/Sygma

Henry Racamier

MULLIEZ FAMILY

Hypersuccess

Recently Gérard Mulliez' Groupe Auchan opened hypermarkets in Chicago and Houston, and company spokesmen cheerily say they are doing very well. But Mulliez wants to give the retailing concept time to mature; Auchan plans to wait six years before it builds another hypermarket in the U.S.

Having built his first supermarket in France in 1961, Mulliez currently has 42 hypermarkets in France (5% of that country's total), 15 in Spain under the name Alcampo, and 1 in Italy, started last year. He also owns 178 supermarkets and 140 restaurants, pizza parlors and cafeterias. Auchan revenues are over $8 billion, second to publicly traded competitor Carrefour.

F. Soenemondt/Le Nouvel Economiste

Gérard Mulliez

Mulliez recently obtained permits for a new hypermarket at Metz, in eastern France, a stronghold of the Bouriez family's Cora group. Blood in the offing? Perhaps. So Auchan's real push is more likely to come in Spain and Italy, where there are few strong local competitors.

As Groupe Auchan thrives, so do its employees, who own 17%. Mulliez has the rest, and 45% of Trois Suisses, France's second-largest mail-order company. The family also owns Phildar, a knitting yarn retailer (sales, $473 million) started by Gérard's father. The Mulliez clan is now worth $1.6 billion.—**Manjeet Kripalani**

BOURIEZ FAMILY

Testing time for the "genius"

Smaller than the Mulliez' Auchan hypermarket chain *(see Mulliez, above)*, the Bouriez family's Cora-Revillon-Editions Mondiales Group is girding for action. President Philippe Bouriez, 56, is obviously taking seriously widespread predictions that consolidation will leave only half the ten large hypermarket groups in France alive.

Philippe Bouriez Marc Bertrand/Le Nouvel Economiste

Early this year Bouriez reportedly put parts of his Revillon luxury-goods group, acquired in 1981, on the block. Already, Japanese have bid on Karl Lagerfeld couture and Caron perfumes. Groupe Bouriez will be left with cash, and its core business of 54 hypermarkets and 150 supermarkets (revenues, $5.5 billion), and Editions Mondiales, publisher of popular beauty, fashion and TV magazines.

Cora's apparent strategy is to use the cash to expand in France through acquisition. It has already bought some small chains in eastern France, and is reputed to be interested in taking over Euromarche, a $4.3 billion revenues moneyloser. Acquiring existing stores avoids the *Loi Royer*, a restrictive French law meant to protect petit bourgeois shopkeepers.

This, then, will be testing time for Philippe, who has long run the company owned by him and his three siblings. "He's a kind of genius," designer Karl Lagerfeld once exclaimed. That was when things were going well. Now it will be tougher. Cora looks to be worth some $1.2 billion, today. Stay tuned.—**Manjeet Kripalani**

PEUGEOT FAMILY

Battle plan

While others prepare for 1992 by merging or acquiring, France's largest private-sector company is getting ready to fend off the Japanese.

To do that, Peugeot S.A. is willing to endure some pain. Europe's number three carmaker (after Volkswagen and Fiat) has already taken a disruptive seven-week strike last fall. Its relatively low-paid workers saw growing profits and demanded a share. Management eventually yielded a grudging raise of one-third what the workers sought.

Grudging, because there's a lot at stake. Even as some European carmakers lobby the EC against Japanese post-1992 imports, the Japanese furiously build factories within the barriers. Peugeot's answer: Push volume, quality, exports, its expensive new model 605; build in neighboring countries; and most of all, hold down costs.

The family, which mostly lives in Paris, gratefully supports their Chairman Jacques Calvet, 58, former head of Banque Nationale de Paris. A string of heavy losses duly became profits, $1.8 billion last year with the strike, and an estimated $2.2 billion this year. Noninterfering Pierre Peugeot, 58, serves as general manager under Calvet, and other Peugeots work in the company; three are on the supervisory board. All the better to mind the family's $1.6 billion investment.—**Manjeet Kripalani**

Marc Bertrand/Le Nouvel Economiste

Pierre Peugeot

LILIANE BETTENCOURT

Rooting for Owen-Jones

Founded by Liliane Bettencourt's father, L'Oréal is run today by non-family-member Lindsay Owen-Jones, a dapper, 44-year-old, Oxford-educated Welshman, who is chairman. Owen-Jones is expanding L'Oréal's overseas businesses, in earnest: 63% of L'Oréal's $4.8 billion revenues now comes from outside France. And there is still ample room to grow. L'Oréal has only 7% of the U.S. market, which at $16 billion in estimated revenues is the world's largest cosmetics market.

Owen-Jones runs things with pretty

Liliane Bettencourt

R. Reglain/Gamma-Liaison

much a free hand. Liliane Bettencourt, 67 and the richest woman in France, plays no role in the company. Her husband, André, a former Gaullist industries minister, is a member of the company's strategic committee. Their son-in-law Jean-Pierre Meyers is a director.

Investors have bid up L'Oréal's market value by 45% since last year, making the Bettencourt holding worth $1.6 billion. In 1974 Bettencourt sold 27% of her L'Oréal holding to Switzerland's Nestlé, for stock; she currently owns 3% of Nestlé. Add up the pieces and Liliane is worth $2.2 billion. Nestlé has the option to purchase Liliane's remaining 28.3% of L'Oréal in 1994—at significantly higher prices, if Owen-Jones keeps doing a good job.—**Manjeet Kripalani**

SPAIN

MARCH FAMILY

How to invest in Spain

The Marches believe Spain will outperform the rest of Europe. Spanish corporate earnings are expected to grow 13% this year, only slightly lower than last year. "Why the hell would they bother going abroad?" asks Lawson Steele of UBS Phillips & Drew, who recommends Corporación Financiera Alba as an inexpensive way to acquire a diversified Spanish portfolio. (It was recently trading at a 20% discount to net asset value, compared with the Spain Fund's current 13% premium.)

The March brothers—Juan, 50, and Carlos, 44—have carefully distanced themselves from the image of their father (known from his early days as the Balearic Smuggler) as one of Franco's financial advisers. Between the brothers' 55% of Alba and private interests, the family fortune is worth $1.5 billion.

C.F. Alba, the public part of the March family's empire, is 85% invested in Spain; about half that is invested in stocks like Uralita, Spain's largest construction materials company, and Cerveza San Miguel, the brewery.

A.G.E./Woodfin Camp

Carlos March

Alba also has a 13% stake in Finanzauto, the Spanish distributor of Caterpillar equipment. Private holdings include 100% of Banca March and 15% of Spain's new pay-TV channel. C.F. Alba's foreign connections: 16% of Virginia's Signet Bank and 4.6% of France's Carrefour hypermarket chain.—**Katherine Weisman**

BOTIN FAMILY

Muscling in

The Botíns' Banco Santander, now run by Emilio Botín Jr., 55, is traditionally one of Spain's strongest and most profitable banks. Now, with interest rates at 15%, it is using its muscle to take market share from competitors. For instance, where Spanish banks offered as little as 1% on checking accounts, last September Santander started offering 11%. By May deposits had more than doubled.

Elsewhere, the bank is exchanging minority shareholdings with allies abroad. There was Royal Bank of Scotland in 1988, with which it is out buying pieces of smaller European banks. Santander also acquired 3% of Chicago's Kemper Corp. Combining Kemper's insurance base and Santander's strong Latin American presence, the duo have acquired a Chilean insurance company. Meanwhile, Japan's Nomura Securities bought 1.5% of Santander's stock and helped list it on the Tokyo exchange.

Emilio Botín Jr. and Sr.

This year Emilio Botín Sr. retired from the board, leaving his son on watch: "To the extent that Santander has caught other banks unaware, it is reaching an objective," says Jaime de Piniés, Chase Manhattan's chief economist in Madrid, about the attitude to be expected now that Emilio Jr. is squiring the family's fortune of $1.4 billion.—**Katherine Weisman**

SWEDEN

FREDRIK LUNDBERG AND FAMILY

Smart timing

When we asked billionaire developer and investor Fredrik Lundberg what the hottest market in Europe was these days, his answer was West Germany. So why does he have only one small office building there?

Ulf Sirborn/Pressens Bild AB

Fredrik Lundberg

Partly, it's timing. Until two years ago the Swedish government didn't permit overseas property ownership for Swedish real estate companies. "We could do developments and construction, but then we had to sell the projects." Then Sweden eased up, and Lundberg started looking. But he hasn't done much, because he thinks the German market is too overheated, particularly in Frankfurt and Munich.

Lundberg, with $130 million in properties outside Sweden through a Dutch holding company, has another reason for not moving precipitously. Lundbergföretagen, the firm begun in 1944 by his father, continues to invest in underpriced basic Swedish industries. Since 1988 it has spent $350 million for a 25% stake in MoDo, the Swedish paper and pulp company.

Lundberg's pick for real estate investing these days is London, where "yields have come up and good projects have come to market." It's in line with his philosophy of going against the market. Being a little contracyclical hasn't hurt: He is worth over $1 billion.—**William Heuslein**

HANS AND GAD RAUSING

Profitable packaging

Hans Rausing, 64, chairman of Tetra Pak, the giant family-owned cartonmaker, doesn't discuss margins. Instead, he likes to talk about the social benefits of his firm's unique method of packaging liquids (such as milk) so aseptically they can sit on shelves for months without refrigeration. "This is not only a question of making money. The creation of something which is needed by millions of people is necessary. I don't like zero-sum games."

This non-zero-sum game makes a very pretty penny for Hans and his brother, Gad, 68, vice chairman. Last year Tetra Pak's revenues from 109 countries were $3.7 billion. And profits? Well, if Rausing won't discuss margins, others will. Aaron Brody, management consultant with Schotland Business Research of Princeton, N.J., considers Tetra Pak the most profitable folding carton maker in the world: "What goes into their plants costs 6 cents to 7 cents, total, and what goes out sells for 10 cents," for an operating margin approaching 40%. Other carton companies, Brody explains, are lucky to make 20%. Moreover, the company's sales grew by a healthy 18% last year.

All this makes the Rausings one of the richest families in the world. Worth $9.6 billion.—**William Heuslein**

Gad Rausing

Stefan Wallgren/Pressens Bild AB

Hans Rausing

INGVAR KAMPRAD

A world to tap

Ikea founder Ingvar Kamprad, 64, amassed his $2 billion-plus offering inexpensive but solid Scandinavian furniture to younger and working-class families. Those demographic slices are shrinking, and the growing affluent want more upscale stuff.

But Ikea has only 87 outlets spread across 21 countries, and is by no means a mature business. There are only a dozen of its showroom-warehouse stores selling knockdown furniture in the U.S. and Canada. Look for the company to open two to three new stores a year here for the next 10 to 15 years. Ikea started selling in Budapest in March—to an enthusiastic response. And there are plans for stores in Warsaw and Leningrad as well. Last year's sales topped $2.7 billion, up 14% from 1988—a far cry from 1953, when Kamprad, a Swedish farm boy, opened a single store in little Almhult, Sweden.

Hans T. Dahlskog/Pressens Bild AB

Ingvar Kamprad

Kamprad, a tax exile based in Lausanne, Switzerland, controls Ikea through Copenhagen headquarters and a Dutch foundation. He also owns Ikano, a family holding company in Sweden for Ikea's credit card business, real estate and other investments.—**William Heuslein**

HOLLAND

DREESMANN FAMILY

Bleak outlook

Anton Dreesmann, the professor of economics who built his family's department store chain into diversified giant Vendex International, is facing his biggest challenge ever. Profits have dropped steadily to $50 million last year, from $90 million in 1988 and $120 million in 1987. Worse yet, last year's net was little more than results consolidated from its 33.5% holding in the U.S.' booming Dillard's department store chain.

In Holland, the key Vroom & Dreesmann retailer is losing money and market share by not keeping up with consumer trends—a mortal sin. Vendex is looking to sell its education, oil and gas, travel, and Brazilian operations. Other "noncore" operations are in for similar "strategic reorientation," supposedly by next year.

ANP

Anton Dreesmann

The group's health is as fragile as that of Anton Dreesmann, 67, who struggled back from a stroke to throw out a handpicked successor whose restructuring started with large-scale firings. "Uncle Anton" couldn't bear to sack old employees; he's been finding them "alternative placement."

Can Vendex turn around staffed with the people who helped get it into trouble in the first place? The future is uncertain.—**Manjeet Kripalani**

FENTENER VAN VLISSINGEN FAMILY

Family comes first

Will they go public? The speculation goes on. Never, says Paul, at 49 youngest of the three Van Vlissingen brothers and head of their major business, SHV N.V. Not as long as family is around.

Now the largest private business in Holland, SHV traces back to the 18th century, had a coal monopoly in the 19th, and today is the EC's largest independent distributor of liquefied petroleum gas. But it earns 65% of revenues from its 62-store Makro chain of self-service wholesalers in Europe, Asia and South America.

ANP

Paul Fentener van Vlissingen

Brother John, 51, chairs the family's Noro Group, a money manager to the Van Vlissingens and other superrich Europeans, tending its interests in real estate, financial and travel services. It has doubled its asset base to $7 billion in two years. Noro has a $1 billion property portfolio in the U.S.

Frits, 56, the eldest, manages Amsterdam-based Flint Holding, believed to be the family holding company, and several minor interests. The three brothers and their seven children control 50%; immediate relatives, 15%; more distant relations, the rest. Shares trade only among family members; every month a banker assesses the group's theoretical market value for them. No one will say, but FORBES thinks that the value was above $1.6 billion.—**Manjeet Kripalani**

BRENNINKMEYER FAMILY

Family ties

It's a family, some 200 strong, once called "the richest shopkeepers in the world." Devoutly Catholic, the Dutch-German clan is based in Amsterdam and the family estate in West Germany, where they remain true to the family motto, "Unity makes strength." FORBES estimates their fortune at $5 billion.

The base of the Brenninkmeyer family wealth is the C&A department store chain in Holland, West Germany, the U.K. and Brazil, begun 150 years ago by cloth peddlers Clemens and August Brenninkmeyer. Today the family is headed by Roelandus Brenninkmeyer, a 1971 Harvard Business School graduate.

The 150 C&A stores in West Germany have over $2 billion in sales and cater to a low-end market; recent East German immigrants head straight for them. In the U.S., after stumbling badly at first, they have rebounded to 1,100 stores nationwide and estimated $2 billion revenues in eight regional chains with names like Uptons, Steinbachs, the Lodge and Miller's Outpost.

While the family's women reportedly enjoy equal entitlement to wealth, the men run the business. The sons are expected to join the family company or join a real religious order.—**Manjeet Kripalani**

SWITZERLAND

KLAUS JACOBS

Philip Morris makes a billionaire

RDZ

Klaus Jacobs

The price announced two weeks ago for the Swiss coffee and chocolate company Jacobs Suchard by Philip Morris makes Jacobs, 53, a billionaire. As part of the deal, Jacobs' Colima holding company, which holds a majority of Jacobs Suchard, goes to the American consumer products giant for about $1.4 billion—and Jacobs still keeps the American confectioner E.J. Brach (now losing money), his own Panamanian bank and chocolate trading companies.

In the early 1970s the German-born Jacobs took over the family's Bremen-based Joh. Jacobs & Co., founded just before the turn of the century and already a leading European coffee roaster. Jacobs moved to Zurich in 1973, planning to merge with a Dutch company and run the business from Switzerland. The merger fell through, but his second wife was Swiss, so he stayed in Zurich and eventually became a Swiss citizen.

By 1981 his coffee roaster was up to $2 billion in sales, but Jacobs wasn't satisfied. Chocolate was a high-margined commodity he understood. In 1982 he acquired the Swiss owner of Milka and Tobler brands. In 1986 he added U.S. confectioner E.J. Brach for $730 million. In 1987 he outbid Nestlé for Belgium's Côte d'Or chocolate company. In 1988 he lost a takeover battle for Britain's Rowntree to Nestlé, but the wily Jacobs came out $300 million ahead.

For some Swiss, selling out the famous Swiss chocolate brands Tobler and Milka to the American Philip Morris seems like selling the Matterhorn. But Jacobs has had only a slim voting majority; further mergers would put him below 50%. So when he got a friendly offer from somebody else who appreciates the value of a name brand, he grabbed it. Over 18 times earnings looked pretty sweet to him.—**Philip Glouchevitch**

WALTER HAEFNER

Buying on weakness

As the biggest shareholder of U.S. software company Computer Associates, Haefner didn't flinch when the stock took a dive from $22 a share to under $11 last year. Apparently, the fall was due to the acquisition for stock of troubled Cullinet Software. Haefner, who wanted to maintain his stake at around 21%, picked up shares last fall for an average price of $17. The stock recently traded at $15.

Urs Siegenthaler

Walter Haefner

Haefner got into computers when his Swiss car distributor, AMAG, started a computer-services subsidiary in the early 1960s. He sold it for stock to a Dallas company, which went bankrupt in 1983. Haefner bought majority control and revived the company—and then sold it to Computer Associates in 1987, giving Haefner his 21% stake, lately worth $580 million.

Haefner, now 80, built his fortune from the ground up. He saved 26,000 Swiss francs and built charcoal generators for cars during the privations of World War II. After the war, Haefner sold jeeps and then Volkswagens. AMAG now has exclusive import rights for VW, Audi and Porsche, and much valuable real estate under the dealerships.—**Philip Glouchevitch**

MAUS-NORDMANN FAMILY

The Mauses who roared

The Maus and Nordmann cousins, whose Geneva-based Maus Frères S.A. is Switzerland's leading department store chain, took advantage last year of the troubled U.S. retailing market to pay $453 million for ailing Chicago-based department store chain Carson Pirie Scott. New to our list, the Maus and Nordmann cousins are: Jacques, 61, Bertrand, 58, and Olivier, 46 (Maus); plus Gérard, 60, and Philippe, 58 (Nordmann).

Maus Frères has been active in the U.S. since 1938 through Milwaukee-based subsidiary P.A. Bergner & Co. Carson Pirie Scott has $1 billion in sales and over 30 stores—including 4 in the Chicago area—but has lost money the past three years. Bergner, by comparison, did $470 million in sales with 31 stores.

Ernest Maus founded his first store in 1892 in Biel, Switzerland. Ten years later Leon Nordmann founded his first department store in Lucerne. The chains grew separately until Ernest Maus' daughter Simone married Nordmann's son Robert in 1929, when the stores covered Switzerland.

Today, it is the children of the Maus-Nordmann marriage, Gérard and Philippe, who run things with their three Maus cousins. They expanded the family's holdings into France in 1972 when they bought voting control of Paris-based Au Printemps S.A., which today does $3.8 billion in sales. Altogether, the family's holdings are thought to be worth over $1 billion. Two years ago Philippe Nordmann raised a lot of money for AIDS research, and for his efforts was voted Genevan of the Year by his townsmen.—**Philip Glouchevitch**

SCHMIDHEINY FAMILY

Leica redux

If you start hearing the famous old Leica name again, thank Stephan Schmidheiny, 43. Stephan's Anova Holding has swapped two construction materials companies with brother Thomas, 45, for undisclosed cash and the struggling optics and camera maker, formally named Wild Leitz.

Stephan has merged Wild Leitz with the smaller, British-based Cambridge Instruments, intending a turnaround as Leica Plc. (combined sales, $1 billion). The cameras are only 10% of the new company's revenues; its strength is in other precision instruments, such as microscopes.

But the new company clearly has ambition as well as a bankable brand name. It'll be a challenge for Stephan, who until now has distinguished himself primarily as a shrewd if low-profile investor, buying—and sometimes selling—sound, well-run companies.

Thomas Schmidheiny

Daniel Boschung

Brother Thomas attracts less attention, though he controls the world's largest cement company, Holderbank (1989 sales, around $3.5 billion).

The two brothers took over their father Max's industrial empire in 1984. A third brother, Alexander, 40, owns the California winery Cuvaison and a ski-wax maker. A second cousin, Jakob, 46, has his own diversified company. Their combined worth: over $2 billion.—**Philip Glouchevitch**

HANS HEINRICH THYSSEN-BORNEMISZA

Sí, señora

The latest rumor, in several newspapers, had Baron Heinrich Thyssen-Bornemisza selling his Villa Favorita residence-cum-art-museum in Lugano for $30 million. "Untrue," said a spokesperson. But the baron has been spending a lot of time in Spain lately. So has much of his prized $1-billion-plus art collection of old and new masters. And he did sell his splendid Daylesford residence in Brit-

Abe Frajndlish/Sygma

Baron Thyssen-Bornemisza

ain last year, supposedly the baron's favorite. But his latest wife, Carmen, 46 and a former Miss Spain, doesn't like Britain. The couple hangs out in Madrid and on the Costa Brava.

The baron, 69, is the grandson of the August Thyssen who built the famous German steel company and a shipping empire. The baron's father denounced Hitler in 1939 and moved to Switzerland with the shipping companies and his vast art collection. The shipping has been replaced by farm machinery, pumps and other goods. Business is down lately, but the Thyssen-Bornemisza Group, managed by 39-year-old son George, has the Thybo financial investment arm, which reportedly brings in half its roughly $50 million earnings (total estimated sales, $3 billion). The businesses may be worth over $500 million.—**Philip Glouchevitch**

HOFFMANN FAMILY

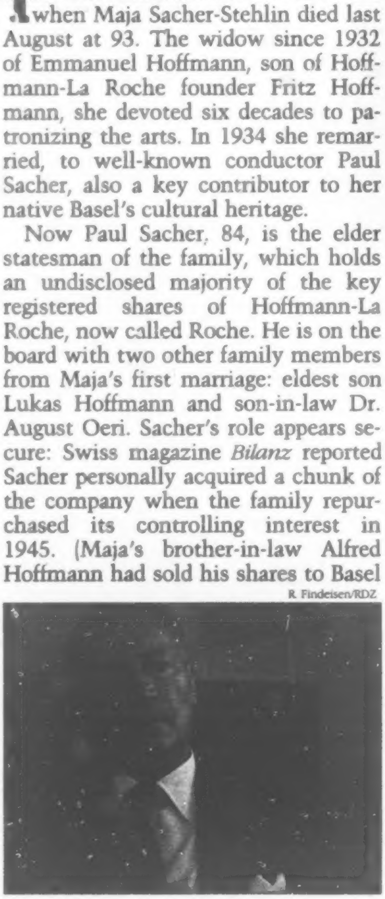
Conducting business

The Swiss marked the end of an era when Maja Sacher-Stehlin died last August at 93. The widow since 1932 of Emmanuel Hoffmann, son of Hoffmann-La Roche founder Fritz Hoffmann, she devoted six decades to patronizing the arts. In 1934 she remarried, to well-known conductor Paul Sacher, also a key contributor to her native Basel's cultural heritage.

Now Paul Sacher, 84, is the elder statesman of the family, which holds an undisclosed majority of the key registered shares of Hoffmann-La Roche, now called Roche. He is on the board with two other family members from Maja's first marriage: eldest son Lukas Hoffmann and son-in-law Dr. August Oeri. Sacher's role appears secure: Swiss magazine *Bilanz* reported Sacher personally acquired a chunk of the company when the family repurchased its controlling interest in 1945. (Maja's brother-in-law Alfred Hoffmann had sold his shares to Basel Handelsbank, dropping the family's holding to below 50%.)

The family's special voting shares, worth billions, anchor Roche: It can make strategic acquisitions like the recent purchase of 60% of America's Genentech for $2.1 billion without having to look to the stock market for approval.—**Philip Glouchevitch**

R. Findeisen/RDZ



Paul Sacher

LIECHTENSTEIN

MARTIN HILTI AND FAMILY

Fastenating

In the principality of Liechtenstein, Martin Hilti, 75, has made a big fortune. His Hilti A.G., based in Schaan, near the capital of Vaduz, chalked up $1.4 billion in worldwide revenues last year, producing fasteners for heavy construction to do-it-yourself home renovators. This year the value of the Hilti family's shares rose to over $1 billion.

Martin Hilti

Hilti, the ninth of 11 children, studied engineering and mathematics, and in 1939 began working in his brother Eugen's auto shop. In 1941 they founded Maschinenbau Hilti to make auto and truck components.

Hilti took advantage of postwar reconstruction in neighboring countries. He developed guns—the peaceful kind—that shoot bolts, nails and screws into steel or concrete, eliminating tedious drilling. By the mid-1960s Hilti had exhausted the labor pool in Liechtenstein (today he employs about one-fourth of Liechtenstein's industrial workers). Production sites in neighboring countries and the U.S. followed.

The 1970s were rough. The oil crisis slowed construction, and Hilti had a heart attack. Son Michael, now 43, became the heir apparent, reportedly causing strife among other executives. Nevertheless, after he joined the board things improved. Hilti's second son, Markus, 38, helps run the Western Hemisphere operations—one-third of sales—from Tulsa.

Can Hilti capitalize on the expected reconstruction boom in Eastern Europe? "Already for many years," Hilti told FORBES, "we have a well-established partnership with local distributors in most Eastern European countries." Look for even bigger things ahead for Hilti.—**Philip Glouchevitch**

AUSTRIA

SWAROVSKI FAMILY

Rhinestone legacy

The Swarovski family built a fortune on rhinestones, the poor man's jewel. But today the family company is pushing higher-margin items to boost business. Last year the family created a new company, Daniel Swarovski S.A.R.L., based in Paris, to sell fashion accessories and designer crystal to department stores.

The handbags, gloves, belts and so forth are selling better than expected. But the designer crystal—mostly objects like vases and candlesticks selling for $1,000 to $20,000—has been slower to catch on.

The main Swarovski enterprise is in the quaint Tyrolean village of Wattens, Austria, where founder Daniel Swarovski settled in 1895. Today the company is run by the fourth generation, and their name can be found on jewelry and crystal in every corner of the globe. With distribution outlets throughout Asia, Europe and the U.S., the company had sales last year of over $850 million. In 1987 it bought 50% of the largest U.S. jewelry retailer, Zales (1989 sales, $1.4 billion). Last year Zales in turn bought the second largest, Houston-based Gordon's Jewelers. —**Philip Glouchevitch**

Kevin Galvin

Daniel and Manfred Swarovski

GERMANY

SIEGFRIED OTTO

He makes money

Siegfried Otto really knows how to make money. No relation to Werner Otto and his family *(which see)*, Siegfried, 75, owns the world's leading printer of bank notes, Giesecke & Devrient GmbH. Its principal papermaking facility, a heavily guarded plant in Bavaria, is considered the best of its kind in the world, implanting special watermarks and secret threads.

Stephanie Pflug/Munich press

Siegfried Otto

Business is booming. An initial 40 billion new deutsche marks must be run off to service the East German currency reform. How profitable is Giesecke & Devrient? The comparable but state-owned and presumably less efficient German money printer in Berlin shows margins of 12.7%. G&D should do at least as well as that, on revenues believed to be about $750 million.

G&D was founded in 1852 in Leipzig, and began making bank notes in 1854 for the Weimar bank. The company was destroyed in World War II, but in 1948 Otto revived it and moved operations to West Germany. Last year Otto bought out most of the remaining family members who still held minor shares.

DASSLER FAMILY

Sad ending?

In the late Horst Dassler's luxurious guest house in the Alsatian town of Landersheim, athletes, sport dignitaries and journalists used to cut deals. Dassler was criticized for buying sports champions with his money until his death three years ago, even as the head of Adidas turned amateur sports and running shoes into the biggest sporting goods company in the world—1989 sales were $1.9 billion, plus licensing and royalty revenues of some $800 million.

Horst Dassler constantly cultivated sports contacts—and it paid off. At a typical Olympics the three-stripe label graces, on average, 75% of the athletes. But back in his little German hometown of Herzogenaurach were people he couldn't cultivate—the other branch of the Dassler family and their Puma label. Horst's father, Adolf, and his uncle, Rudolf, split after an argument in 1948, and Rudolf founded Puma on the other side of the town's Aurach brook. Horst, Adolf's only son, built Adidas into a world player but did not take control until the death of his parents in 1985—only to die two years later at the age of 51. Since then Adidas has been hurting. The company lost money in 1989. Now the heirs want to take it public.

CHANTAL GRUNDIG

Love, death and Stiftungs

The so-called Lion of Furth, Max Grundig, died last December at 81, and his fortune passed to his 41-year-old widow, Chantal, with nary a pfennig in taxes. He had set up the Grundig Stiftung, or foundation, strictly to shelter his stakes in Dutch electronics giant N.V. Philips (6%) and Grundig A.G. (68%) and his four luxury hotels from inheritance tax. Chantal is the foundation's chief executive.

Chantal Grundig

Andrea Schick/Bunte

The widow received her first Grundig—a radio—at age 16. By then Max was a living legend in Germany. He made radios in the 1930s, and, after the war, do-it-yourself radio kits that got around an Allied Occupation ban. From that grew his full-scale electronics concern. He obstinately tried to create a European standard for VCRS but was swamped by Asian competition. Philips bailed him out in 1984 but exacted voting control.

Max met Chantal when he was looking for an assistant for his first wife, to whom he had been married 40 years. Chantal, from French-German Alsace, was to teach Mrs. Grundig French and accompany her on trips. Wife number one lost both a husband and a fortune (aside from a divorce settlement) when Chantal became pregnant. Max and Chantal's daughter, Maria Alexandra, now 10, was born when Grundig was 71. He also adopted Chantal's grown daughter Valérie from a previous marriage. Today Valérie and husband Stefan Lauda run the Grundig luxury hotel in Fuschl, Germany.—**Philip Glouchevitch**

HANS GERLING

Remember Herstatt Bank?

Who could forget? It took Hans Gerling 12 years to reverse the 1974 disaster that nearly destroyed him and reverberated around the world. But in 1986 he did it: He bought back control of his family insurance company, Gerling A.G., Germany's fourth-largest insurer.

Herstatt Bank, 81% owned by Gerling, failed because of currency speculation. To satisfy creditors, Gerling had to sell 51% of the family business to an investor group, which later sold out to Gerling's pal Friedrich Karl Flick *(which see)*.

Almost from the start of the affair, Gerling was out to buy back control. When Flick sold his industrial empire in 1986 he agreed to sell Gerling back control of his company.

The insurance business—organized into four separate companies today—has been Gerling's whole life. Now 75, he's put the past behind him to the tune of building a net worth that may exceed $2 billion.

Wolf Prange

Hans Gerling

PORSCHE FAMILY

More Porsches than one

If they wanted to, the Porsches could be a lot richer than they already are. They need only give in and sell their Stuttgart-based sports car maker to the Japanese or American car companies waving billion-dollar buyouts at them. But that is unlikely for the Austrian-German clan so long as Ferdinand (Ferry) Porsche is still alive. The 80-year-old patriarch has retired to honorary chairman of the board but still holds tight rein on the family shareholders, who a few years ago openly squabbled over power and money.

Each family member has one-ninth of Porsche A.G.'s shares. Members include Ferry's sister Louise Piech, born Porsche and now 85, and Ferry's three sons: the 55-year-old Ferdinand Alexander (Butzi), successful designer and successor to his father's job as chairman of Porsche A.G.; Hans-Peter, 50, partner in Butzi's design studio; and Wolfgang (Wolfi), 47, exclusive dealer of Yamaha motorbikes in Austria and France.

Ferdinand (Ferry) Porsche

Wolf Prange

The car company is only one side of the family's wealth. The other jewel is far less known: Porsche Holding in Salzburg. The far-reaching conglomerate—which Louise Piech, despite her considerable age, runs with a firm hand—has DM 3.5 billion in sales, more even than the DM 2.5 billion of the car company. The largest private holding company in Austria is general importer of Volkswagen, Porsche and Audi; runs a chain of stores; has fingers in leasing, financing and insurance; owns Stuttgart-based data processor Taylorix and, lest we forget, Schmittenhohenbahn A.G., the most profitable cable-car lift in Austria. The family is worth over $1 billion.

REIMANN FAMILY

Calgon's heritage

The familiar Calgon brand of water softeners and bathwater additives has an unfamiliar origin: the Reimann family, owners of Joh. A. Benckiser GmbH, a maker of detergents and other cleaning chemicals. It's lately been busy acquiring European companies in that business and in cosmetics.

In May the firm paid $355 million to SmithKline Beecham for well-known European cosmetics companies such as Lancaster and Margaret Astor. Prior to that, Benckiser had acquired consumer products companies in Spain and Italy. With the acquisitions have come rapid growth: In 1988 the company reported cash flow of some $120 million; just in the first half of last year, it reached an impressive $130 million.

Founded in 1823, Benckiser is Germany's oldest chemicals company. Since the death of patriarch Albert Reimann six years ago his nephew Gerd Reimann-Dubbers has headed the supervisory board. Until a few years ago the company's mainstay product was citric acid but the new generation is clearly consumer-oriented. You may hear more from them in the future: For $106 million, the company recently bought back the U.S. rights to its Calgon brand, again from SmithKline Beecham.

Marianne Wiedenfeld

Albert Reimann

GRETE SCHICKEDANZ

Looking to the East

Schickedanz took over the company founded by her husband shortly after the war, and took advantage of postwar reconstruction in Germany to make her catalog business mushroom. Now she'll try to do it again in Eastern Europe and the Soviet Union, where reconstruction of a different sort is under way. A joint venture with two Soviet partners has Quelle printing a Russian-language catalog. Russians with convertible currencies can order, Quelle will truck to Moscow, and the Soviets will deliver from there. There already are similar deals with Poland, Hungary, Yugoslavia and Bulgaria.

Staedle/DPA

Grete Schickedanz

On the Western front, Quelle has catalogs in Spain and Wisconsin and a television home shopping venture in Germany. Schickedanz rounds out her family holdings with retail stores Sinn and Leffers, some manufacturing, the Coca-Cola concession for northern Bavaria and financial services.

For Grete Schickedanz, 78, owning the family mail-order business means not having to be second-guessed. Last year she abruptly replaced her 46-year-old chief executive officer, who had come from McKinsey & Co. The lively widow, who is said to choose the Quelle catalog models personally, wants to prune the specialized retail stores of non-Quelle names like Technorama (electronics) and put back the emphasis on the successful Quelle logo.—**Philip Glouchevitch**

OTTO FAMILY

Seeking rich markets

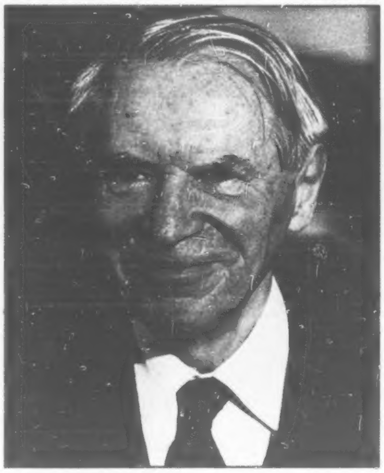
At 80, Werner Otto is a living reminder of Germany's postwar economic miracle. He came to Hamburg from what is today East Germany to start Otto Versand, now the world's largest mail-order house ($7.8 billion sales). Unlike the Schickedanzes, the Ottos aren't overly excited about those new Eastern European markets yet.

They want sophisticated markets, with working telephones and postal systems. Plenty of credit cards. Reliable deliveries. And lots of affluent, busy people with no time to shop who will pay for mail-order convenience.

So Otto Versand, now run by son Michael, 47, is concentrating on Western Europe, the U.S. and Japan.

It is even taking a flier in Great Britain, the last major European market without an Otto presence. It has a joint venture with a British card company to market affordable women's clothes via catalog.

Rehder/DPA



Werner Otto

In the U.S., the Otto family owns 87% of Spiegel, which owns Honeybee and Eddie Bauer. The Japanese subsidiary, Otto Sumisho, founded in 1986, is still losing money.

Between the company and substantial real estate in North America, the Ottos are worth well over $2 billion. Having been poor in postwar Germany, can they be blamed for liking rich markets better than "developing" ones?—**Philip Glouchevitch**

PRINCE JOHANNES VON THURN UND TAXIS

Not nouveau riche

Last January von Thurn und Taxis celebrated the 500th anniversary of the founding of the postal monopoly his clan controlled until 1867, when Prussia took it in exchange for large tracts of land. Much of that land was seized without compensation by communist regimes in East Germany, Poland and Czechoslovakia.

The prince is waiting for the political situations in those countries to clear up before pursuing any claim on the land. He remains West Germany's largest landowner, and has industrial and financial enterprises, mostly run by Helge Petersen, former adviser to the Quandts.

Helmut Newton/Sygma

Prince, Princess von Thurn und Taxis

Petersen is further expanding the prince's financial services operation, which is geared toward wealthy investors like the prince. To the cornerstone Fürst Thurn und Taxis Bank (total assets just under $600 million), he's added Munich business consultants WMK Beteiligungsberatung GmbH, a new real estate leasing company, a Munich brokerage, a Düsseldorf-based real estate company and, in the U.S., 37% of Philadelphia securities house Butcher & Co. On the industrial side, there are the prince's two electrical equipment companies, a brewery and Bavarian lumber mills.—**Philip Glouchevitch**

HENKEL FAMILY

It pays to advertise

Henkel KGaA has already been investing in East Germany for decades—via the airwaves. Its well-known brand-name household detergents and cosmetics are all advertised on West German TV, watched avidly by many of East Germany's 17 million deprived consumers all these years. In a business where brand awareness is key, they are eager potential new customers.

Meanwhile, Henkel has dramatically increased foreign acquisitions and investments in the past three years.

Konrad Henkel

Ossinger/DPA

The most recent is a 12% stake in St. Paul, Minn.-based Ecolab, which produces specialty chemicals. Henkel also has longstanding stakes in the U.S.' Loctite (26%) and Clorox (26%). All of their investments in the U.S., the U.K., France and Spain have come almost entirely from cash flow or new equity raised strictly through nonvoting shares. Little or no debt. The 300-plus-member family, headed by 74-year-old Konrad Henkel, is keeping a lock on the voting shares until at least the year 2000.

The Henkel family fortune began in 1876 with a household bleach. In 1907 Henkel introduced its famous Persil detergent. Later came more cleaning products, adhesives and cosmetics. Now comes the long-awaited return to East Germany.—**Philip Glouchevitch**

HAINDL FAMILY

Out to paper the East

If you read a morning paper in Germany, chances are it is printed on paper from Haindl Papier GmbH: The Bavarian family-run company has become one of the largest suppliers of newsprint in Europe (revenues, $1.3 billion). This is an old-line outfit: founded in 1849, based in Augsburg, and still run by members of the original clan, whose worth is just over $1 billion. They once just supplied raw wood but have long since been vertically integrated. Today they're working environmentalism into their operations: They are the largest recyclers of paper in Europe, processing 400,000 tons of old paper a year. They turned the company-owned airplane into a small regional airline running daily between Augsburg, Hamburg and Düsseldorf.

They are also active outside West Germany: On the West Coast of the U.S. they own sister paper company Port Townsend Corp. There are factories in Holland and Austria and a paper wholesaler in New York. And now, through a joint venture, Haindl newsprint—a necessity to freedom of the press—will soon be available in East Germany.

ALBRECHT FAMILY

Bare-bones approach

"Poor people have to buy cheaply, rich people like to." It's an adage that's worked well for the Albrechts, Karl, 70, and Theo, 68, the discount supermarket magnates. Not just in Germany, but in the U.S. Since 1976 their Aldi chain has grown to over 225 stores. The brothers aren't forthcoming, but some estimates put Aldi's U.S. sales at $500 million per annum.

Aldi stores don't have fresh produce or meat, just five or so aisles of boxes containing some 500 basic products, mostly low-priced canned and dry goods. The stores, all built by the same construction company off a standard blueprint, thrive mostly in smaller cities and towns from Kansas to Ohio.

The brothers first shaped their methods in postwar Germany. They now have stores in Austria, Belgium, Holland and England. As for Eastern Europe, "the Aldi concept is the most logical," according to Barrington, Ill. supermarket consultant Willard Bishop Jr. And Theo has 11% of Idaho-based Albertson's, worth some $500 million.—**Philip Glouchevitch**

ERIVAN HAUB

Opportunity lies abroad

Margins are reportedly getting thin for Tengelmann Group, Germany's biggest supermarket group (1989 revenues, $22 billion). It was rebuffed by the cartel commission last fall in its effort to acquire Gottlieb, another German chain. So owner Erivan Haub, 57, looks abroad for growth.

A bid by 52%-owned A&P for Britain's Gateway Plc. failed. But A&P wound up with 20% of rival bidder Isosceles, a consortium that includes Gateway executives and London's S.G. Warburg bank. Tengelmann itself won the bidding (against the likes of Silvio Berlusconi) for a minority interest in the Italian family-owned Superal SRL supermarket chain in Tuscany. Superal has 28 stores with almost $400 million in sales and is looking to expand.

In the East, Tengelmann bought 21% of Hungary's Skala Coop, which sells everything from clothes to fiat-irons to food in some 500 stores.

Tengelmann's other foreign holdings are the Lowa chain in Austria and Herman's in Holland. Rounding out the German investments are the Kaisers Kaffee and Obi chains. All told, the Haub supermarket empire, a family business that was founded in 1876, is today worth over $5 billion, worldwide.—**Philip Glouchevitch**

Wolf Prange

Erivan Haub

ROCHLING FAMILY

After steel, what?

In Germany, the Röchling name means German steel. Ever since Carl Röchling inherited an ailing ironworks in Volklingen, in 1881, the onetime coal merchant family has been on the ascent. Carl's son Herman was the Kaiser's arms adviser, and was later commissioned by Hitler to arrange war financing. After World War II the family bought Rheinmetall A.G., which had manufactured steel used in tanks for the Third Reich armies. Herman also fought for the restitution from France of the industrial Saar region, until he died in 1955.

Today the diversified manufacturing group—still heavily in steel—is owned by a 150-member family. The family still has about two-thirds of the voting shares of now-public Rheinmetall; other steel assets were sold and the proceeds invested by nonfamily professional managers in growth businesses. In 1988 they took over Bergmann-Electrizitäts-Werke A.G., a holding company, and are now merging it with their telephone-switching manufacturer DeTeWe. With steel long since a slow-growth industry, the Röchling family is betting on high-tech plastics and electronics for the early 21st century, the way it bet on steel for the early 20th.

QUANDT FAMILY

Would you sell BMW?

After seven straight record years, BMW should certainly fetch a high price. Rumors abound. But Johanna Quandt, 63, shows no signs of selling her family's majority stake—around 60%. She still personally holds at least 20% of the family jewel.

The jewel itself has been acquiring small, car-related companies. The plan is to stick to its top-of-the-line cars, which in future will contain ever more sophisticated electronics. So BMW has invested in a dozen small companies through U.S. and German venture capital firms and has acquired Munich's Kontron Elektronik GmbH ($175 million sales) from Switzerland's Roche to automate production.

Wolf Prange

Herbert Quandt

Johanna is the third wife and now widow of Herbert Quandt, who bought into and bailed out near-bankrupt BMW in 1960. Herbert's half brother, Harald Quandt, died in a 1967 plane crash. The family includes Harald's widow, Inge, and five daughters. Herbert had a daughter from a first marriage, three children from a second marriage, and, with Johanna, Suzanne, 27, and Stephan, 24. The combined Quandt fortunes total at least $5 billion.—**Philip Glouchevitch**

OTTO BEISHEIM

Keeping one step ahead

If you can get enough of a head start, it may not matter if your competitors eventually catch you. Consider Otto Beisheim, who built up his "wholesale" empire of Metro stores from 1964 and sold heavily to retail customers. As a "wholesaler," Metro ignored Germany's silly store-closing law for retailers. Beisheim made a vast fortune by, among other things, staying open until 9:00 p.m. while retail competitors closed at 6:30. He simply handed out the required special wholesaler's entrance pass to anyone who asked. Finally, last November, the German Retail Trade Association got the courts to order Metro to close at the same time or else keep a closer eye on the door.

Is Otto on the ropes? Of course not. He prepared long ago for this inevitable day by diversifying widely throughout Europe and the U.S. In Germany, Metro controls 50% of Kaufhof (the number two conventional retailer behind Karstadt), Huma/Suma and Primus Meister supermarkets, and, in Switzerland, 60% of the Pelikan office supply company. There are travel services, insurance and even a new money market fund. In the U.S. he has the Jetro cash-and-carry stores.

Beisheim, 66, keeps homes in Lugano, Switzerland, Bal Harbor, Fla. and Rottach-Eggern in Germany, and oversees Metro through holding companies in Switzerland, Liechtenstein and the U.S.—**Philip Glouchevitch**

WILLI LEIBBRAND

Not gone yet

Competitors have been hoping the man sometimes called Germany's king of retailing would retire. Far from it. In 1989 Willi Leibbrand sold his remaining 50% in his 3,000 discount outlets Rewe-Leibbrand OHG. But he used the money to buy 25% of Rewe-Zentrale A.G., and is staying on the board with this key holding.

His climb to Germany's second-largest supermarket chain—past Aldi, Karstadt and Tengelmann, if still behind Metro—began in the early 1960s. He inherited a wholesale company that delivered to mom-and-pop stores. He then opened "reasonably priced neighborhood stores for everyday use." The stores became a chain, with the rallying cry, "A new store every other day." He swallowed other discounters, then added chains of stores selling electronics, jewelry and carpets. In recent years the Leibbrand businesses reached the $15 billion sales mark, but margins have been shrinking—with everyone else's.

Even though he's sold out his majority share in the company, the competitors have little hope of being rid of him soon: By contract he must retire from the Rewe board by age 70. But that's not until the year 2003.

WILHELM AND AUGUST VON FINCK

Tax planning

Under recent West German tax reform, the top income tax rate dropped to 53% from 56%; the top corporate rate fell from 56% to 50%. The bad news is that since January certain capital gains on large holdings have been taxed at the 53% maximum rate instead of at a preferential 28% rate.

Wolf Prange

August von Finck

Wilhelm von Finck

Wolf Prange

For Wilhelm, 62, and August von Finck, 60, whose private bank, Merck, Finck & Co., holds industrial and property assets dating back to the last century, the new capital gains schedule is worth hundreds of millions of dollars. To mitigate the impact on their estates, the brothers exchanged properties among their various subsidiaries last year. The only other way to write up the securities would have been to transform Merck, Finck & Co.—West Germany's second-largest private bank—into a public stock company. But the von Fincks want to be private bankers, the better to keep their very substantial wealth from public view.

The brothers' $3 billion-plus visible investment portfolio faces more obstacles before it goes to their heirs (Wilhelm has one child and August has four). There will still be a 35% inheritance tax eventually. On a happier note, the 10,000 acres of mostly undeveloped von Finck land around Munich will be taxed at only 10% of market value.—**Philip Glouchevitch**

HEINZ BAUER

Now, cross-border ad breaks

You really know the world's going global when a publisher gives discounts to advertisers across national borders. Bauer Verlag, Heinz Bauer's once strictly German house, now gives advertisers a 15% discount for ads put in all four of Bauer's women's fashion magazines. Only two *(Tina* and *Bella)* are German, while *Maxi* is French and another *Bella* is English. The break applies even if the ad is varied to suit the different national psyches.

In the U.S., where Bauer publishes *Woman's World* and *First for Women,* Bauer is introducing the common English practice of giving agencies volume discounts—to draw smaller advertisers, whose ads get cheaper when pooled with other ads through the same agency.

Bauer, 50, is a longtime border crosser. Aside from his 40-magazine publishing empire, his diversifications include Optyl, which supplies the world with the fancy designer sunglasses created by Porsche Carrera and Christian Dior, and Winn's, a 230-store discount chain in Texas.

But the key asset remains *Hören und Sehen,* Germany's version of *TV Guide.* It and his two other program guides account for one-third of the publishing revenues. The family company was founded in 1875 by Heinz' grandfather.—**Philip Glouchevitch**

MOHN FAMILY

Make profits, not empires

Reinhard Mohn, 70, no longer runs family-owned media giant Bertelsmann A.G. day to day. But his ideas do: Mohn seeks to reconcile the often divergent objectives of owners and their managers, who he says like to empire-build, even at the expense of profits. So certain Bertelsmann managers will soon be able to invest their own money, within limits, in their divisions—for returns determined by profits.

While chairman and patriarch Mohn focuses on such strategies, Chief Executive Markus Wössner sticks to the core businesses—book and record clubs and 70%-owned Grüner & Jahr, a magazine publisher in Europe; Doubleday publishing and RCA Records in the U.S. There are small projects in the works: a German cable channel and a laser videodisc venture. East Germany? A book club previously test-marketed in Dresden begins this year.

Tschauner/DPA

Reinhard Mohn

At $6.7 billion revenues and $206 million 1989 profits, things have come a long way since 1835, when Carl Bertelsmann first published religious books. Reinhard, the fifth generation, has passed to son Johannes a majority of the shares, plus stock to his wife and five other children. He has kept a single DM 500 share that has all the votes, which will eventually go to the nonprofit Bertelsmann Foundation.—**Philip Glouchevitch**

BOSCH FAMILY

World's richest eight-percenters

Privately owned Robert Bosch GmbH is Germany's ninth-largest industrial company, known worldwide for spark plugs, ABS brakes, and other auto components. In 1989 worldwide sales were $18 billion.

Robert Bosch (1861-1942) was the son of a farmer from the Stuttgart region. At age 25, he founded his own manufacturing company and infused it with a quality-first philosophy. His motto: "Better to lose money than trust." His contemporaries taunted him in 1906 for introducing the eight-hour workday in his factories. He donated his company's earnings from World War I, some 10 million marks, to the Weimar Republic. Bosch also built housing projects and hospitals in Stuttgart.

His son Robert Jr., now 62, succeeded his father as manager of the company, and ran it until 1971, when he left (he was 43) and began studying psychology. He founded workshops for handicapped people, psychotherapeutic youth clinics and geriatric centers. He and his family put the bulk of their ownership of the giant company into the Robert Bosch Stiftung GmbH charitable foundation in 1964, keeping only 12%. They have since reduced their share to 8%. But their namesake company's cash flow is so huge (over $1.6 billion in 1989 and growing), even their 8% remnant is worth over $1 billion.

HERZ FAMILY

Changing times

Things are different these days at the famed Tchibo Frisch Rost Kaffee retailing chain. Last year for the first time the bulk of the company's sales ($3.1 billion) came not from the Herz family's coffee-and-sundries business but from consolidating the controlling 60% stake in tobacco company Reemtsma Cigarettenfabrik GmbH. The company also has a 26% stake in Beiersdorf A.G., which makes Nivea skin care products. Coffee store profits fell to $39 million from 1988's $41 million, as raw material prices rose and competition became cutthroat.

Against this backdrop came a family drama of sorts. Michael Herz, 46, who had helped run the coffee chain that's the origin of the family fortune, resigned last November. With younger brother Wolfgang, 39 (who also left), he has acquired Blume 2000, a Hamburg flower distributor with 40 outlets. That leaves eldest brother Gunter, 49, and longtime associate Horst Pastuszek, 63, running Tchibo. All three brothers, two other siblings and their widowed mother remain shareholders.

Meanwhile, the last brewery holding, 90% of profitable Bavaria St. Pauli, was sold for a reported $235 million. The cash seems headed to cigarettes: Management sees growth potential when trade barriers fall in 1992.—**Philip Glouchevitch**

ERICH BROST AND FAMILY

World's most capitalistic socialist

Prior to World War II, Erich Brost was editor of the Socialist Party newspaper, *Danziger Stimme* (Voice of Danzig). After the war he got together with archconservative Jakob

Erich Brost

Dirk Hoppe/Netzhaut

Funke *(see below)* and founded what grew into today's Westdeutsche Allgemeine Zeitung press empire. The Essen-based media power has a near monopoly on newspapers in the industrialized Ruhr region; its dailies boast total circulation of 1.2 million. WAZ also has stakes in an Austrian newspaper and a broadcast property. Total revenues, around $600 million.

Now 86, Erich Brost still comes to the office every day, accompanied by his wife and former secretary Anneliese, 69. Exactly half the company belongs to him and his family. The other 50% is held by Funke's heirs. One of the company's two chief executives is Erich Schumann, 59, a former attorney for Germany's Socialist Party leadership who was legally adopted by Brost in 1985 and set up as the next heir, after wife Anneliese, to the Brost fortune. (Schumann shares the top job with Günther Grotkamp, the right-hand man of the Funke heirs.)

Brost also has a natural son, Martin, 43; his stock in WAZ was repurchased by his father after the 1987 stock market crash for $235 million and a 12.5% stake in the billionaire Otto family's Otto Versand. Megarich Martin lives the yuppie dream as an organic farmer and physical therapist in the hinterlands of Bavaria.

FUNKE FAMILY

Marriage is thicker than water

When Erich Brost's longtime partner, Jakob Funke, died in 1975, things got complicated in the family. Funke's 50% stake in the Westdeutsche Allgemeine Zeitung media empire was inherited by his four daughters and is comanaged by Günther Grotkamp. A 63-year-old former attorney, Grotkamp worked for Funke from 1960 and became his right-hand man. In 1986 he married Petra, now 47, the youngest daughter of Jakob.

Before the marriage, Grotkamp paid the sisters (Gisela Holthoff, 62; Renate Schubris, 52; Ute Funke, 48; and Petra) a $600,000 yearly stipend. The rest of the copious profits were reinvested in the company. Tired of the small payouts, Ute decided to sell her stock in 1989 and was given $160 million from Grotkamp—although her WAZ share may have been worth twice as much. Grotkamp did better by wife Petra: She got the family's 12.5% stake in Hamburg-based Otto Versand, which was worth at least $150 million, in addition to keeping her ownership stake in the family media company.

Not that the other girls are hurting. The eldest, Gisela, for instance, has enough capital to invest in luxury hotels in Köln and the French town of Annecy, in the French Alps.

JOSEF SCHORGHUBER

Munich's master builder

An "extraordinary sense for business," said Ludwig Huber, Bavaria's ex-finance minister, about Josef Schörghuber, the Munich-based construction and brewery entrepreneur. Indeed. The overweight Bavarian has little time for pinstripes and book-learned management methods: In his shirtsleeves he's put together a billion-dollar business. The core is real estate and a construction business built in the 1950s and 1960s: Since 1954 he's built 15,000 apartments, millions of square feet of office space, and much else.

Düren/DPA

Josef Schörghuber

With hefty support from the banks and Bavaria's ruling conservative party, Schörghuber built a massive housing and office complex called Arabellapark in the eastern section of Munich, where there had once been open fields. There's also Bau-Holding, an umbrella under which the traditional Hacker-Pschorr and Paulaner breweries operate. Schörghuber also owns other important stretches of Munich real estate and is Europe's largest Coca-Cola bottler, as well as the owner of the Arabella hotel chain and an airline leasing company.

For years he's been saying he wants to retire to his farm in the town of Bad Tolz. Last April he turned 70—but he still hasn't retired. So son Stefan will have to wait a while before he can claim his father's seat.

KARL HEINZ KIPP

Five-star investor

When Karl Heinz Kipp switched from German shopkeeper to Swiss hotelier it surely improved room service at the Tschuggen Hotel in Arosa, Switzerland. He moved in four years ago after selling his Massa stores for an aftertax gain of some $700 million and leaving his native Germany. From the top floor of the five-star hotel Kipp keeps an eye on his three other first-class Swiss resort hotels.

Kipp, 66, can well afford his *Guide Michelin* housing. Besides that upfront cash from Germany's Asko chain, Kipp gets $65 million a year for 30 years from the real estate under the stores, which he kept. Kipp also owns some Manhattan properties, looked after by his son Ernst Ludwig, who lives in Annapolis, Md.

He bought the Alfred Massa company in 1948 and built it into a successful textile wholesaler. Foreseeing correctly in 1964 the threat of cheap Asian textiles, he switched to retailing and built the 27 stores selling everything from food to sundries to garden supplies that he finally sold to Asko. Now Otto Beisheim's *(which see)* Metro Group reportedly has talked to Asko about buying them. That would give Massa a new Swiss connection: Beisheim has a house in Lugano.—**Philip Glouchevitch**

OETKER FAMILY

Moving on

Frozen pizza, sparkling wine, breweries, hotels, shipping, banking and insurance may not have synergy, but Rudolf Oetker, 74, and family draw a pretty profit from them anyway. Oetker quit active management nine years ago, but only last year did he transfer partial ownership of the main Oetker food and shipping company to his eight children from three marriages. Eldest son August Oetker, 46, manages the company and has voting control.

Wolf Prange

Rudolf Oetker

The transfer (other assets have long since been handed down) brings the "family store," as Rudolf likes to call his company, safely to the fourth generation. The business got its start in 1891 when Rudolf's grandfather began packaging baking powder in retail quantities, with free recipes included. German sales have always been strongest—some $600 million last year, versus only $225 million abroad. So Oetker seeks to expand. A 1989 joint venture with Turkey's Piyale to market Oetker products in Turkey marks a start. Then there's always East Germany.—**Philip Glouchevitch**

VON OPPENHEIM FAMILY

Globalization strikes again

The von Oppenheims would just as soon stick to home turf. "Our strength has always been in the Rhineland," a spokesman says. But 1992 approaches, and the owners of Germany's largest private bank (assets: $7.5 billion) must move on.

Manfred von Oppenheim Wolf Prange

Last September cousins Manfred, 66, and Alfred, 56, sold a majority of the bank's 53% of the Colonia insurance company to Victoire group, a French holding company, for an undisclosed sum. Among other things, this will give Sal. Oppenheim jr. & Cie. more visible equity and more added clout as a unified Europe looms. Aside from the cousins' desire to concentrate more on banking, the elimination of preferential tax treatment for capital gains after Jan. 1 made the recent sale irresistible.

But they must also now have offices in New York, London and Tokyo, like anyone in big-time European banking. And last August they acquired Paris brokerage Jean-Claude Melendes, to add to their presence in the other continental markets of Holland, Luxembourg and Switzerland. So necessity has made the cousins internationalists.—**Philip Glouchevitch**

Wolf Prange

Alfred von Oppenheim

HUGO MANN

To sell or not to sell

Mann, 77, started out as a carpenter's apprentice and became one of Germany's biggest merchants. By 1988 his Wertkauf/Mann group had sales of $1.8 billion, enough to make him the country's 14th-largest retailer. His main companies today are the self-service Wertkauf supermarkets and the Mann furniture houses.

Mann breaks up his empire into three regional companies, plus a real estate holding company and a separate chain of furniture stores. Each of the pieces is small enough to escape the German financial reporting requirements for large private firms. But in 1988 the billionaire Otto family's Otto Versand toyed with buying Mann out. Their professional appraiser reportedly valued Mann's stores at about $1 billion—not counting the real estate held separately.

But no deal materialized, and Mann says he has no plans to sell off his company. "What would I do with the money?" he is reported to have said. "I would have to hire five or six people to manage it." Horrors!

VON SIEMENS FAMILY

Family protection plan

Siemens A.G., with annual sales of $35 billion, is the second-largest industrial company in Germany. It makes everything electrical from streetcars in Sacramento to nuclear power plants in Europe and South America to computers in Germany.

Thanks to its enormous cash flow, Siemens has a huge cash hoard, which it has used aggressively in recent years: a reported $3.5 billion on its share of the joint hostile takeover—with GEC of Britain—of the U.K.'s Plessey Industries; about $1.2 billion to buy Rolm from IBM; and some $600 million to take over 51% of Germany's Nixdorf Computer. Even after all that, it has $13 billion left.

That's 60% of its market value, and any armchair takeover artist knows he could easily borrow against cash flow to cover a bid. The stock has run up some 30% in the past year.

But there'll be no takeover here, thanks to the heirs of Werner von

Peter von Siemens Maechler/DPA

Siemens, who cofounded Siemens & Halske Telegraph Co. in 1847. The company has been run by nonfamily managers for 20 years. But 200 family members do own 12% of the share capital through a trust, and many of the shares have up to six times the votes of ordinary shares—enough, reportedly, to give 25% control. Under German law that effectively blocks takeovers.—**Philip Glouchevitch**

FRIEDRICH KARL FLICK

Where is Flick?

Friedrich Karl Flick, 63, continues to be notable by his absence. Five years ago he sold his industrial empire to Deutsche Bank for $3 billion. Since then Flick's only visible role has been to fulfill his duty on the supervisory board of Deutsche Bank. The feud with his two nephews, Friedrich Christian and Gert Rudolf, whose interests in the family company he bought out for a mere $120 million back in 1975, has calmed since Flick paid them an additional undisclosed amount last year. Fallout from the 1981 Flick affair, involving political contributions, has also subsided.

But anonymity doesn't come easily with the Flick name. Flick's father, also named Friedrich, profited before World War II from coal, steel and armament stocks, and was close to Hitler and high-ranking Nazis. He was sentenced to seven years in jail after the war. The family retained interests in steel, and invested in paper, chemicals and cars, at one time amassing 48% of Daimler-Benz.

So, is Karl Flick—K.F. to his friends—retired? Unconfirmed sightings of him in New York suggest he isn't, but just proceeding very quietly.—**Philip Glouchevitch**

BOEHRINGER FAMILY

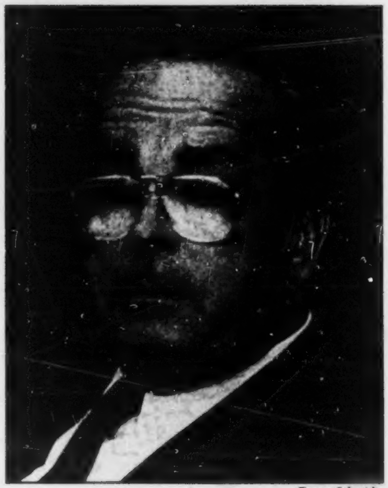
Tradition pays

The Boehringer family, led by Hubertus Liebrecht, the founder's grandson, owns Germany's third-largest pharmaceutical company, Boehringer Ingelheim, with 1988 sales of $2.4 billion and cash flow of $250 million. Cash flow multiples common to German pharmaceutical firms would give it a value of $2.6 billion. The company is best known in the U.S. for cooperating with Genentech to market the heart drug Activase, but it's active in over 100 other countries, selling such items as Persantin, used to treat atherosclerosis, as well as chemicals and basic food products.

Albert Boehringer founded the company when he bought a small tartaric acid factory in Lower Ingelheim—not far from Frankfurt—in 1885, and began selling its production to pharmacies and dye factories. He ran the business so well that during the German hyperinflation of the early 1920s its scrip was accepted as money. Boehringer Ingelheim doesn't have to guarantee money anymore, but it's still highly regarded two-thirds of a century later—another example of the strength of Germany's tradition of family-owned companies.

Wolf Prange

Friedrich Karl Flick



Hubertus Liebrecht Tomas Schmidt

WERHAHN FAMILY

Fortune builders

The Werhahns of Neuss, on the Rhine, reclusive as ever, continue to shroud banking, building materials and wholesaling interests from view. It appears that the family is beefing up financial services. The family bank, Bankhaus Wilhelm Werhahn K.G., previously the umbrella for industrial holdings, is now part of a separate financial services division, along with the recently purchased Hamburg-based auto financing company Auto Kredit Bank A.G. (assets, $600 million). The family will say only that the results for the financial services and other industrial interests "may be up from last year."

The nominal head of the family, Heribert Werhahn, recently reassumed the chairmanship of the supervisory board of Strabag Bau A.G. The Werhahns own some 50% of this publicly traded construction outfit, Germany's fourth largest. Strabag is in fine shape, and may even resume paying out a dividend after a five-year drought.

Many observers consider Eastern Europe a prime market for construction companies like Strabag. The

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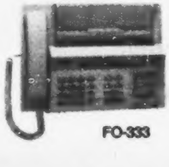

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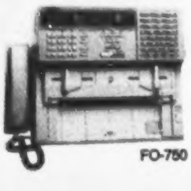

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Wolf Prange

Heribert Werhahn

stock recently traded at over DM 550, compared with just over DM 200 last year, putting the value of the family's holding in this piece alone at over $450 million.—**Philip Glouchevitch**

MERCK FAMILY

The quality of Merckness

The Merck family from Darmstadt in central Germany traces its company history back to the Mercksche Engel Apotheke, a pharmacy founded in 1668. Since 1827 it has produced chemical and pharmaceutical products in industrial quantities, today generating revenues of $1 billion a year making a variety of pharmaceutical and medical products. The company was the precursor of today's Rahway, N.J.-based Merck & Co., which was split off from its parent—as were many German subsidiaries—at the time of the First World War.

Michael Lange-Manager Magazin/Visum

Hans Joachim Langmann

The capital of Germany's Merck is still in the hands of the family—more than 80 members of which are shareholders today. By now they have names like Baillou and Berglar, Groos and Kessel, but they're all Mercks to the core. For over 25 years Hans Joachim Langmann, 66, has been the undisputed head of the clan—a physicist who married into the family in the 1950s. Today he reportedly presides over the company like a feudal lord. For him the corporation is the "place where modern man realizes himself."

But there can be such a thing as too much Merckness. Langmann likes to get away to the Black Forest or the island of Sylt in the North Sea to renew his perspective on the family's $2-billion-plus fortune.

HANIEL FAMILY

Thank King Frederick

With its sooty chimneys and rusty cranes, Duisburg is not Germany's prettiest city. But this Ruhr town is home to the sparkling Franz Haniel & Cie GmbH, a worldwide trading company owned by the 288-member Haniel family, now in its fifth generation of company ownership. All of them are shareholders.

But the company's success is largely the result of the policy of installing professional management. Self-assured Chief Executive Hans Georg ("no one blows us over") Willers oversees 23,000 workers in 151 Haniel companies busily shipping to and from Africa, trading pharmaceuticals and heating oil and disposing of industrial waste, among other things. Perhaps most important of all, the company is also a major—33%—shareholder in heavyweight European discounter and retailer Metro *(see Beisheim, Schmidt-Ruthenbeck)*, a stake alone worth some $2 billion. The company headquarters sits precisely on the spot overlooking the harbor where in 1756 Frederick the Great of Prussia allowed shipper Jan Willem Noot to build a warehouse, and started the whole thing going.

SCHMIDT-RUTHENBECK FAMILY

Low profile

The brothers Michael and Rainer Schmidt-Ruthenbeck from Duisburg are among the least-known rich. They seldom appear in the public eye. Yet together they own a third of the Düsseldorf-based Metro Group, Europe's very private and little understood wholesale and discount-retail behemoth. For Metro's 25th anniversary last year, company founder Otto Beisheim *(which see)* and the brothers offered a look inside the company: They admitted that worldwide sales reached $20 billion and that Metro employed almost 90,000 people, about 16,000 in West Germany. The group owns a majority of Köln-based department store chain Kaufhof A.G., four shopping centers, 25 building and hardware stores, 24 furniture outlets and 6 sporting goods stores—and is behind such well-known European retailing names as Huma, Primus, BLV, Meister, Wines Point and BOT. Color the secretive brothers' fortune $2.2 billion.

FREUDENBERG FAMILY

Diversified producer

Reinhart Freudenberg, 58, heads Weinheim-based Freudenberg GmbH (sales, $2.5 billion), a diversified producer and supplier for the automotive manufacturing and textile industries. The company had started out as a tannery, but over 50 years ago began diversifying into nonwoven fabrics, oil seals and vibration dampers. Reinhart took over the top spot in 1961 on behalf of some 250 family members. The company, now active in 26 countries, has been consistently reinvesting about 7% of its sales in research and development.

Freudenberg is a descendant of the company's founder, Carl Freudenberg, who had started the business in 1844. Reinhart's uncle, Richard, who at one time headed the company and after World War II served as an independent delegate to the Bundestag (the lower house in the German parliament), typified German modesty. When checking into hotels in Bonn to attend parliamentary sessions, he would list his occupation simply as "tanner," nothing more.

Wolfgang von Brauchitsch

Reinhart Freudenberg

MIDDLE EAST

SAUDI ARABIA

ABDUL LATIF JAMEEL

"We always attack"

Jameel did better than striking oil or gold. In 1955 he won exclusive rights to distribute Toyota vehicles in Saudi Arabia. Abdul Latif Jameel Co. Ltd. built Toyota sales to a peak of 152,000 during the oil boom, almost a third of the Saudi passenger and light-truck market. Thanks to auto distribution, A.L.J. is one of the largest private Saudi businesses by sales, with revenues of $1.3 billion. The 1980s oil slump cut sales sharply, but by then Jameel had channeled profits into his Jaymont Properties, an impressive list of prime realty in New York, Boston, San Francisco, Miami and Orlando. Among Jaymont's holdings: the 49-story "Wang Building" at 780 Third Avenue in New York.

But Toyota distribution remains the heart of his empire. Jameel has developed this market by creating the largest central parts warehouse in the Middle East, through easy financing, and with some of the most sophisticated advertising in Saudi Arabia—it once featured former boxing champ Muhammad Ali, a regional favorite.

Having become expert in auto dealerships, A.L.J. made a successful hostile bid on Hartwell Plc., a British distributor with Ford, Rover, Jaguar, BMW and Mercedes franchises.

Jameel, now in his mid-70s, has taken Mohammed, one of his three U.S.-educated sons, into the business. Son Mohammed is no pussycat. He recently told London's *Sunday Telegraph:* "If you have market share, profit will always follow. We always attack, we don't defend. So our competitors are always under attack. We never let go. If you do, it gives them a chance to gather momentum."—**Zina Sawaya**

Abdul Latif Jameel

BIN MAHFOUZ FAMILY

No recourse

The Bin Mahfouzes are traditional bankers to the House of Saud, which has posed a problem. The oil bust hit some of the king's lesser relations hard, and the Bin Mahfouzes' National Commercial Bank was obliged to eat bad royal paper. Recourse? None.

On a happier note, the family was able to sell, for $528 million, its 20% share of Bank of Credit & Commerce International, the bank indicted on drug money laundering charges in the U.S. in 1988. Without the BCCI headache, the Bin Mahfouzes are now ready to capitalize on recovery in the Gulf, or invest more abroad. The family's major global vehicle is Luxembourg-based Middle East Financial Group, which among other things, has major U.S. real estate holdings.

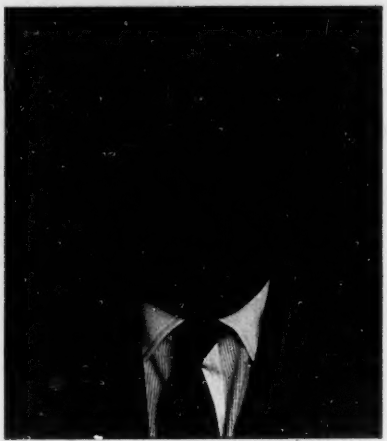
The family's 60%-plus of National Commercial, Saudi Arabia's largest bank (gross assets, $23 billion), is worth over $500 million (the other 40% belongs to the also wealthy Kaaki family). Add to this huge Saudi landholdings, and the Bin Mahfouzes' worth exceeds $2.5 billion. Khalid Bin Salim Bin Mahfouz, 43, seems to be emerging, as his father, patriarch Salim Ahmed, steps onto the sidelines. Khalid's brothers, Mohammed and Abdul Elah, are also in management, but he looks at the deals, makes the moves and oversees foreign investments. Khalid Bin Mahfouz is described as a risk-taker, and has recovered from a serious car accident last year—as well as from royal deadbeats.—**Zina Sawaya**

Salim Ahmed Bin Mahfouz

SULIMAN SALEH OLAYAN

Like father, like daughter

Olayan likes the stock market, although he has reduced his stakes in Occidental Petroleum (to around 1%), First Chicago Corp. (to 3.5%) and Transamerica (to 3.3%), according to the latest available 13-D filings. He operates here under the names Crescent Diversified Ltd. and Competrol Establishment.



Suliman Saleh Olayan Robert Azzi/Woodfin Camp

In 1988 the Olayan Group acquired a 30.5% temporary stake in CS First Boston Inc. to facilitate the merger of First Boston with European affiliate Crédit Suisse First Boston. Through Crescent, Olayan has kept 5% of CS First Boston after selling the 30.5% to Metropolitan Life and others. The Met deal values his 5% at an estimated $100 million.

In Saudi Arabia, meanwhile, Olayan's long list of lucrative franchises includes Kimberly-Clark and Colgate-Palmolive. To these he more recently added the right to distribute Coca-Cola in Saudi Arabia—even though Coke is on the Arab boycott list for its Israeli operations.

Olayan, 71, is increasingly turning the business over to his four children. Unlike most Saudis, he does not discriminate against his female children. Two of his daughters have earned M.B.A.s at U.S. universities, and daughter Hutham is boss of New York-based Crescent.—**Zina Sawaya**

AL-RAJHI FAMILY

Non-interest-bearing accounts

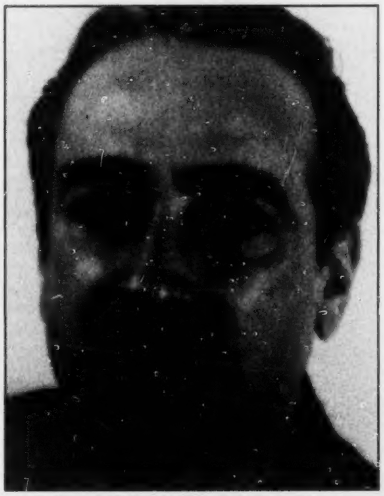
The Al-Rajhi brothers (Sulaiman, Saleh, Abdullah and Mohamed) are the envy of Saudi bankers. Their Al-Rajhi Banking & Investment Corp. (assets, $4.5 billion) may be one of the most profitable banks in the world. Return on its substantial equity exceeded 48% last year. The former moneychanger went public in 1988 at $26.70 a share, and recently traded at $380, valuing the Al-Rajhis' 52% at nearly $1.6 billion. Add to that hundreds of millions made in the oil boom years.

The Al-Rajhis' bank now has the largest number of branches in the kingdom. Other banks close at 7 p.m.; Al-Rajhi stays open until 8. The brothers are fervently religious, but stay open late Thursday afternoon, when lazier competitors go home for the Muslim weekend. The bank operates according to strict Islamic rules that forbid paying interest. Instead of earning interest, depositors share in bank profits. For a business client, the bank will buy his needed inventory or asset and resell to him at a markup. Investment banking, in short, pays.—**Zina Sawaya**

ABDUL AZIZ A. AL-SULAIMAN

Good risk

Al-Sulaiman, 59, has surrounded himself with a clique of shrewd Syrian Christians who assist him in investment decisions. As a result, Al-Sulaiman has channeled most of the money earned during the oil boom years abroad. His main European company, Rolaco Holding (named after daughter Rola), owns 6% of Belgium's Compagnie Internationale des Wagons-Lits, one of the biggest leisure groups in Europe. It also owns hotels and a stake in German hotel management group Kempinski A.G. Shipping, banking and realty are also among Al-Sulaiman's holdings.



Abdul Aziz Al-Sulaiman

Al-Sulaiman's main domestic corporate presence is Rolaco, which, among other things, sells Nissan diesel trucks. His son Saud, 28, is general manager. Al-Sulaiman's family also controls Arabian Cement Co.

Al-Sulaiman is widely considered one of Saudi Arabia's largest private landowners; he reportedly owns a big chunk of downtown Riyadh, the capital. Perhaps the clearest indication of his wealth and power are reports that Al-Sulaiman is not required to give his personal guarantee to bankers, and so does not disclose assets. There is no indication that he has abused this privilege: His credit has proved good at a time when even some Saudi royals' loans have gone sour, as witness the case of the Bin Mahfouz family *(which see)*.—**Zina Sawaya**

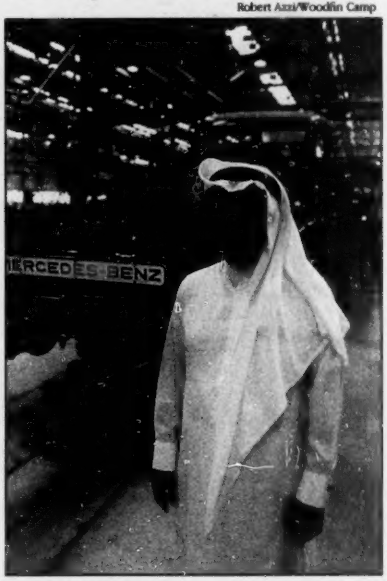
JUFFALI FAMILY

Agents of choice

With Western companies finding it more important than ever to hook up with a local partner to do business in the Gulf, brothers Ebrahim, Ahmad and Ali Juffali should have their hands full. They run E.A. Juffali & Brothers, which has represented some of the world's biggest multinationals, including Mercedes-Benz. The family has long enjoyed royal favor in a kingdom where such favor counts for much more than just prestige. Legend has it that the Juffalis won royal favor when they installed imported cooling machinery at the House of Saud's summer resort, Taif, in 1950. The Juffalis still represent Fluor Corp. and York International; the latter recently won a contract to air-condition the sacred Prophet's Mosque in Medina.

The Juffalis also participate in joint ventures, teaming with Du Pont to produce permeators, a key element in water desalinating equipment—another big business in Saudi Arabia.

Robert Azzi/Woodfin Camp



Ahmad Juffali

Their extensive stock portfolio includes a position in Daimler-Benz. A family holding company, Enpro International, has substantial U.S. real estate.—**Zina Sawaya**

KUWAIT

MOHAMED ABDUL MOHSIN AL-KHARAFI

On the road to Morocco?

Mohamed Abdul Mohsin Al-Kharafi Industries & Establishments, one of Kuwait's largest construction companies, is considering Morocco. A May symposium in Morocco's seaside resort of Agadir introduced proposed free trade zones to a number of top executives and entrepreneurs from around the globe, including six billionaires or members of billionaire families. Among them was Mohamed Al-Kharafi. As chairman of the $13 billion (assets) National Bank of Kuwait, the oldest in Kuwait and the best managed in the Persian Gulf, it's a safe bet Al-Kharafi wasn't there to take the waters.

Mohamed Abdul Mohsin Al-Kharafi

Was this symposium the start of something big in Morocco? FORBES wanted to know. A simple, quiet-spoken man, Al-Kharafi smiled, demurred. His investment philosophy: "I'm not in one pot, not in one place, not in one currency."

Last year Al-Kharafi's NBK reported official profits of $120 million, but a good chunk of its real profits is hidden away under liabilities or in secret reserves. "We learned that from the Swiss," quips an NBK banker.

Mohamed's son Jassim is a presence in his own right: Until recently he was finance minister and chairman of the government's Kuwait Investment Agency. Mohamed Al-Kharafi's presence at that Moroccan symposium was a highly positive sign for the North African kingdom.—**Zina Sawaya**

AL-GHANIM FAMILY

Americanesque

Sometimes called the Rockefellers of the Persian Gulf, the Al-Ghanims are more Western-oriented than most Gulf business people. Yusuf Ahmad Al-Ghanim & Sons was always quick to recruit outsiders, including American M.B.A.s, for top management positions. But the family still prevails. Patriarch Yusuf Al-Ghanim, in his late 80s and long inactive, has one son running the business: Bassam, in his early 40s.

Yusuf Al-Ghanim

The family's diverse company includes travel agencies, contracting, insurance, electronics, shipping, car rentals, franchises for Chevrolets and Cadillacs—favorites in Kuwait—and even a license for Toys "R" Us, also hugely popular, in various Gulf countries. The Al-Ghanims' New York-based investment vehicle AI International Corp. invests in real estate, and its AI Automotive Corp. is one of the top ten parts distributors in the U.S. The latter venture is in some trouble: It apparently stretched itself thin buying all over the country instead of concentrating on one region.

Yusuf's son Kutayba spends most of his time in the U.S., working and living in New York.—**Zina Sawaya**

BAHRAIN

KANOO FAMILY

Peace-loving family

Few are happier with the end of the Iran-Iraq war than the Kanoo family, the leading shipping agents in the region; peace means more trade. The Kanoo Group supplies some 3,000 to 4,000 ships in the Gulf annually with essential services: docking, cargo handling, land transportation. With the guns silent, according to London-based *Containerisation International*, container tonnage in the Persian Gulf—excluding shipments to Iran and Iraq—was up an estimated 5%, to 22 million tons, last year.

Besides shipping, the Kanoo Group, led by 67-year-old Ahmed Ali, is in banking, insurance, agriculture, industrial equipment sales and travel agencies. Ahmed Ali is chairman of the National Bank of Bahrain (assets, $2 billion). He is also vice chairman of Investcorp, the Middle East's foremost merchant bank, which bought Tiffany & Co. in 1984 and recently agreed to buy Saks Fifth Avenue from Britain's B.A.T Industries (for whom the Kanoos are the local agents in Bahrain).

The Kanoo Group rose to prominence as a pearl trader. It celebrates its 100th anniversary this year by getting into consumer products. It now represents Sears, Roebuck and has just received the first shipment of household appliances, hardware and gardening tools. It wants other such franchises—a clear signal that peace is bullish for the Gulf's consumption-minded middle class.—**Zina Sawaya**

Ahmed Ali Kanoo

TURKEY

VEHBI M. KOC

Slacks, refrigerators and lumber

They say in Turkey that there's the public sector, the private sector and the Koc sector. In fact, the Koc (pronounced like coach) Group (1989 consolidated sales, $6.4 billion) has its products in practically every household in Turkey. Under Koc Group are 103 companies in electron-

Vehbi Koc

Gilles Mermet/Sipa

ics, construction, food, insurance, tourism, textiles, household appliances, automotives and exporting. A net worth believed at over $2 billion has allowed the Koc family to live like pashas in a sumptuous mansion overlooking the Bosporus, complete with ancient Roman columns.

A grocer by origin, founder Vehbi Koc, 89, certainly has lived up to his name, which means ram in Turkish (a ram's head is the company's logo). He still is said to have the last word at board meetings. Son Rahmi, 59, runs the business, and U.S.-educated grandsons Mustafa, Omer and Ali are being groomed.

In the U.S., Koc has a small apparel business, New York-based Ramerica International (1989 sales, $50 million). According to S. Ugur Sabuncu, Ramerica's president, it's the first Turkish company to develop a successful brand name here: a moderately priced, Turkish-made line of young women's sportswear called Europrep. The line is now in thousands of stores, including J.C.Penney. Sabuncu has started advertising the sportswear nationally in magazines like *Elle,* and is aiming at finer department stores. This is in odd contrast to Ramerica's other activities: importing Turkish-made refrigerators and selling Canadian lumber.—**Zina Sawaya**

SABANCI BROTHERS

Sibling harmony

Turkey's other big conglomerate, Sabanci Holding A.S. (1989 sales, $4.4 billion), has two recently inked joint ventures. One is with Toyota Motor Corp. and Mitsui & Co. to make Toyotas. The other, with Philip Morris to make Marlboros, Chesterfields and Parliaments, was the Turkish government's idea, and the Sabancis were agreeable. Before becoming Prime Minister in 1983, now-President Turgut Ozal was Sabanci Holding's chief executive officer.

Of the group's 47 companies, the biggest is one of Turkey's most profitable banks, Akbank (1989 net profit, $149 million). According to Capital Intelligence, the Cyprus-based bank rating agency, a lot of Akbank's loans go to Sabanci companies (the bank claims only 12%).

The group's late founder, Haci Omer Sabanci, started in the 1930s with a cotton gin and a vegetable oil plant. Since 1966 it has been run by his five sons. Sakip, 57, chairman, oversees the Istanbul-based companies; Haci, 56, runs food, cement and textiles; Sevket, 55, looks after international relations and trading; Erol, 54, banking and insurance; and Ozdemir, 53, is in charge of automotive and plastics.

Gilles Mermet/Sipa

Sakip Sabanci

Sevket once described the working relationship between the brothers this way: "Views are debated, details are gone into, and then we set about reconciling all the differences so as to reach a decision. I have yet to see one or more of my brothers persisting in a contrary opinion in any matter and remaining in opposition. . . . God rest him [father Haci], he left no scope for any complexes to emerge for any one of us." Quite a legacy.—**Zina Sawaya**

LEBANON

RAFIK B. HARIRI

That's him all over

Being in Saudi Arabia during the boom years was Hariri's luck. From modest beginnings in his native Sidon, Hariri became a big contractor as the protégé of Nasser Al-Rachid—not Saudi royalty, but still rich and powerful.

The student outgrew his master. From Saudi Arabia and his big Saudi Oger construction company, Hariri has branched out around the world. He's mainly based in France, as Holding de Participations et d'Investissements, which buys and develops real estate in Europe, North Africa and the Middle East. Subsidiary Techniques Environnement Sigoure treats polluted water.

Rafik Hariri

In the U.S., the Hariri Group buys developed real estate, mainly in Washington, D.C., New York, Boston and Texas. Hariri recently bought

Houston acreage, next to his 85%-owned Texas Commerce Tower. Hariri also owns Banque de la Méditerranée, with offices in France, the U.K., Switzerland and Lebanon (combined net total assets, $1 billion), and important stakes in French banks Compagnie Financière de Paribas and Banque Indosuez.

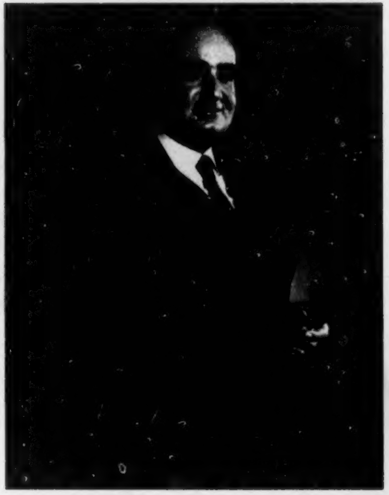
Widely admired in Lebanon for his hard work, integrity and generosity, Hariri has contributed millions to scholarships for Lebanese students, and for projects to rebuild parts of the country destroyed by civil war. Unfortunately, the crazed warlords and their backers far outnumber builders like Hariri, so the devastation proceeds.—**Zina Sawaya**

SAFRA BROTHERS

Apology accepted

A world-class row between American Express Co. and financier Edmond Safra now seems over. Amex bought Safra's private Swiss bank, Trade Development Bank, for $550 million in stock in 1984. Safra sold the stock, and started a competitor in Geneva on virtually the day in 1988 his noncompete agreement ran out. Last summer Amex admitted its employees were behind a press campaign libeling Safra by linking him to money laundering. Amex Chairman James Robinson III apologized and gave $8 million to Safra's favorite charities. Then Amex sold TDB for a tidy $1 billion, making a profit but throwing in the competitive towel.

Karsh/Woodfin Camp



Edmond Safra

Perhaps Robinson still hopes for the last laugh. He sold TDB to Compagnie de Banque et d'Investissements. It is headed by Edgar de Picciotto, Safra's Lebanese-born childhood friend before their families fled anti-Jewish sentiment in the 1950s. Now the two will be head-to-head competitors. De Picciotto starts out by far the larger of the two—his CBI-TDB Union Bancaire Privée has $17 billion under management. But Safra's outfit, with $3 billion, is growing fast.

In the U.S. Safra's Republic New York Corp. (assets, $25 billion) bought Manhattan Savings Bank (net worth, $270 million) this spring in a complex deal giving Republic "a very valuable savings and loan for next to nothing," according to one banking analyst. On the other hand, Republic took a hit last year: an 86% drop in net income, to $24 million, the result of adding $200 million to loan loss reserves against exposure to Latin America. That could be a warning. The Safras have known South America for years: Brothers Joseph and Moise run one of Brazil's biggest banks, Banco Safra (1988 reported assets, $2.5 billion).—**Zina Sawaya**

CITIZEN OF THE WORLD

THE AGA KHAN IV

Citizen Khan

To his 15 million Ismaili subjects, Prince Karim Al Hussaini, the 49th Imam, is the Prophet's direct descendant on earth. To the West he is Harvard '59, a hard-headed businessman who lives stylishly with his wife and three children on an estate outside Paris, is legally domiciled in Geneva and carries a British passport. Last year he invested $102 million in Giovanni Agnelli & Co., which indirectly holds Fiat stock and is mostly owned by sailing chum Gianni Agnelli. Through his own holding company, Fimpar, the Aga Khan, 53, has over 50% of a luxury hotel group, Ciga. He also owns about 700 Thoroughbreds and a stock portfolio, unrevealed but reputedly huge.

His hereditary title also carries an enormous cash flow asset: the *zakat*, or the 12% of their incomes that Ismailis—progressive Muslims and respected businessmen in the Third World —have been voluntarily contributing to the Aga Khans since 1817. Some of the estimated $100 million a year brought in by the *zakat* goes back to the community via an educational foundation. Then there's the Aga Khan Fund for Economic Development, a for-profit, Geneva-based investor in Ismaili businesses and other projects in the Third World.

No longer, says a spokesman, does the Imam invest in import substitution schemes. "We found ourselves making things like women's stockings that cost more and were of worse quality than the imports they were supposed to replace. Today we are building on the strengths of the local economies." Hence, hotels in Kenya and Pakistan. Or fine-leather tanning of exported animal hides. "Things that are replicable in [various] countries," he explains. Thus does this billionaire of the world—his spokesman denies he's that rich—move to integrate Third World economies into the global economy.—**Manjeet Kripalani**

Peter Paul-Contrast/Gamma-Liaison

The Aga Khan IV

Four prefixes describe certain people widely regarded as billionaires. Some may just have it too well hidden. Others accentuate assets and downplay debts. Still others have lousy luck.

FORMER, NON, MAYBE AND WANNA BE

Non: Kuwait's **Al-Marzook family** proves to be less well endowed with real estate and more endowed with debt than we thought.

Former: Ramón Areces, the richest man in Spain, died last year at 84, leaving his estimated $2-billion-plus fortune to a foundation.

Maybe: Michel David-Weill, the French citizen and New York City resident who is the power at renowned international investment house Lazard Frères, has $800 million that we can identify, and perhaps much more.

Wanna Be: Italy's **Carlo de Benedetti** has had poor luck at his empire building this past year; his visible net worth comes to near $600 million.

Maybe: Henry Fok (rhymes with "luck") of Hong Kong has a minority interest in Stanley Ho's Macao casino empire, and perhaps much more.

Former: Akikazu Fujisawa, proprietor of Tokyo's Yodobashi Camera shops, is having earnings trouble. Even his Shinjuku district real estate seems not enough to keep him on our listing.

Maybe: Sir James Goldsmith, assumed by many in the press to be a billionaire, remains off our list not because of his failure with B.A.T Industries so much as because of the one big unanswered question: How much debt was there in his empire before he started cashing out some of his holdings?

Non: Alfred Heineken, heir to the Dutch brewing fortune, owns half of a publicly traded trust that, in turn, owns half of the famed Heineken Brewery. Value of his portion therefore: about $500 million.

Maybe: Stanley Ho, the mysterious controlling partner in Macao's casino cartel, is exceedingly rich, but too little else is visible to include him.

Non: Japan's **Iketani family** has put too much of its Tokyo Steel stock holdings into a foundation to find a place on this listing.

Maybe: Saudi Arabian **Saleh Kamel** heads Al Baraka Group, which operates a string of Islamic banks throughout the Middle East and North Africa. The company also does maintenance work and contracting, and has several foreign franchises. The group's total equity is nearly $900 million.

Former: The visible net worth of Japan's **Masao Kato** and family fell below $1 billion, as the earnings of their privately held corn syrup maker, Kato Kagaku, dropped.

Former: The stock of Japan-based international builder Kumagai Gumi collapsed last year, taking the **Kumagai family's** holding far below the $1 billion mark.

Former: Hong Kong's **Lee Shau-kee's** Henderson Land collapsed after the Tiananmen Square disaster along with other Hong Kong real estate stocks. But unlike, say, Kwok Tak-seng's, Lee's stock didn't bounce back enough to restore him to the billionaires' ranks.

Maybe: Costas Lemos, said by some to be the richest Greek shipowner of them all, currently has only five ships; with identified real estate, what's visible is estimated at around $250 million. If he has more than $1 billion, he's hidden it well.

Maybe: The **Livanos family,** another Greek shipowning name to conjure with, has over 20 ships currently, but not enough other identifiable holdings to call them billionaires.

Maybe: Japan's **Masao Nangaku** has more debt than previously realized, and some land on long-term lease rather than directly owned.

Non: The late **Christina Onassis'** daughter Athina, now 5, is the diminutive heiress to a famous name and a shipping empire worth about $500 million. At 10%, she'll be a billionairess by the time she hits junior high school.

Maybe: South Africa's **Harry Oppenheimer's** visible holdings are worth about $800 million; whatever else there may be remains to be tracked down.

Non: Osman Ahmed Osman founded Egypt's giant Arab Contractors Co. but doesn't operate it. The Egyptian government, not Osman, owns it.

Non: Saudi Arabia's **Ghaith Pharaon,** who was once a near-billionaire, continues to wrestle with financial problems.

Former: Ted Rogers, the Canadian cable TV and cellular phone king, has holdings in his Rogers Communications that topped $1 billion earlier this year, but more recently fell to $800 million.

Wanna Be: Gerald Ronson, proprietor of Britain's Heron International, still seems to be hovering below the $800 million mark.

Non: India's legendary **Tata family,** who basically created India's industrial base, continues to run significant slices of the Indian economy. However, the bulk of the ownership resides in charitable trusts.

Non: Germany's **Thyssen family,** much of it resident in Argentina, is related to a billionaire *(see Thyssen-Bornemisza),* but its holdings in the Thyssen steel empire still fall far short of $1 billion.

Former: Sweden's **Wallenbergs** dominate their national economy, but do so through a series of foundations in which most of the ownership of their huge empire resides.

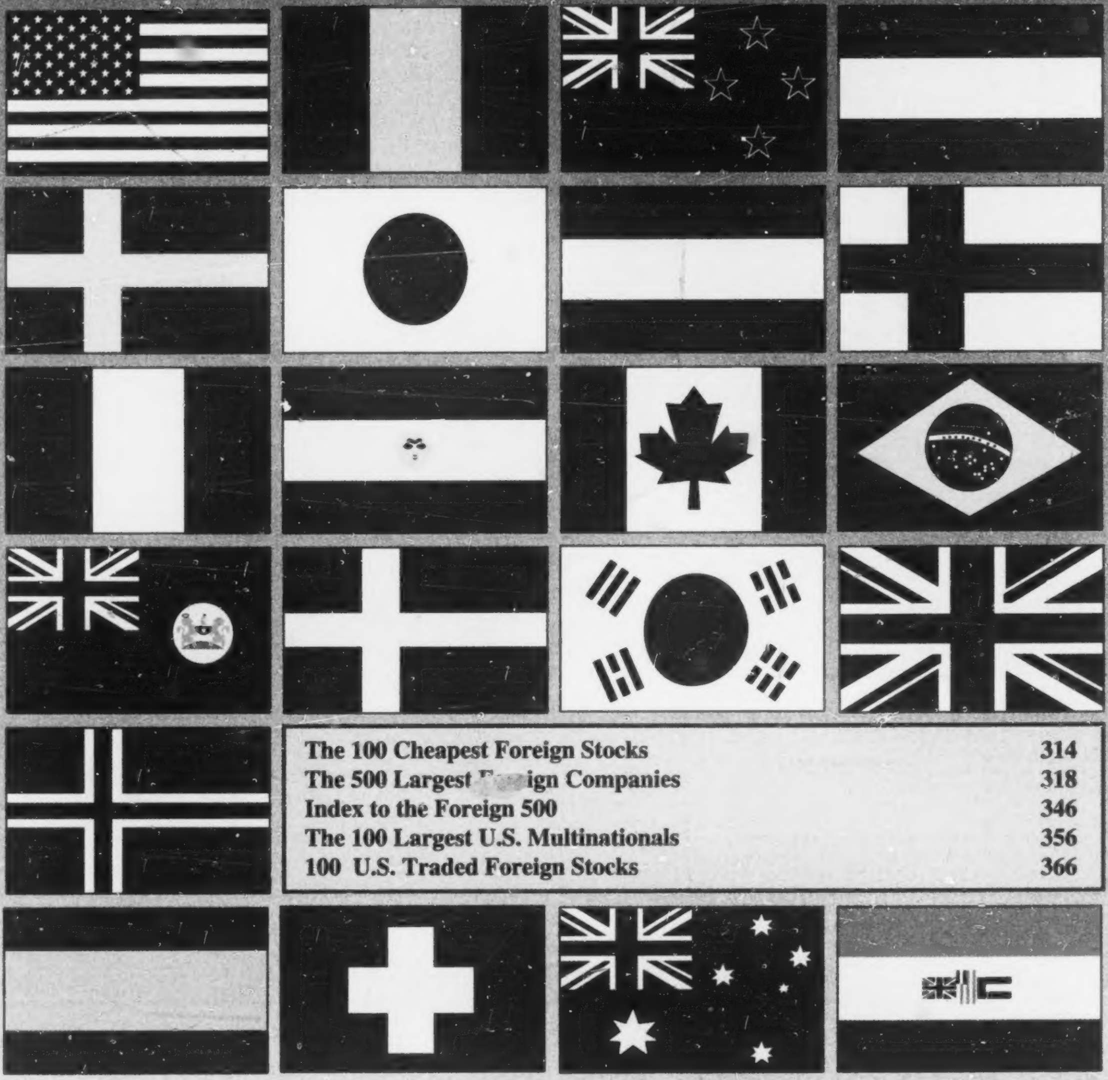
RANKING FOREIGN BILLIONAIRE FORTUNES

Name/country/*industry*	Page
Over $10 Billion	
Mori, Taikichiro/Japan/*property development*	165
Tsutsumi, Yoshiaki/Japan/*land, railroads, resorts*	164
Over $5 Billion	
Brenninkmeyer family/Holland/*retailing*	216
Haub, Erivan/Germany/*supermarkets*	228
Itoyama, Eitaro/Japan/*land*	174
Iwasaki, Yohachiro/Japan/*logging, property, resorts, etc.*	174
Nakajima, Kenkichi/Japan/*pachinko machines*	156
Quandt family/Germany/*autos, industry*	232
Rausing, Hans and Gad/Sweden/*liquids packaging*	212
Reichmann, Paul, Albert, Ralph/Canada/*real estate, investments*	190
Shin Kyuk-ho (a.k.a. Shigemitsu, Takeo)/Korea/*candy, real estate*	128
Thomson, Kenneth Roy/Canada/*publishing, retailing*	192
Watanabe, Kitaro/Japan/*real estate*	168
Yoshimoto, Haruhiko and family/Japan/*real estate*	171
Over $2 Billion	
Agnelli, Giovanni and family/Italy/*autos, etc.*	202
Albrecht family/Germany/*supermarkets*	228
Al-Rajhi family/Saudi Arabia/*money changing/banking*	246
Beisheim, Otto/Germany/*retailing*	232
Berlusconi, Silvio/Italy/*media, retailing, real estate*	204
Bettencourt, Liliane/France/*cosmetics*	208
Bin Mahfouz family/Saudi Arabia/*banking, investments*	244
Boehringer family/Germany/*pharmaceuticals*	238
Chang Yung-fa/Taiwan/*shipping*	124
Escobar Gaviria, Pablo/Colombia/*cocaine*	180
Ferrero, Michele/Italy/*candy*	204
Finck, Wilhelm and August von/Germany/*banking, real estate*	232
Flick, Friedrich Karl/Germany/*heavy industry*	238
Freudenberg, Reinhart/Germany/*chemicals, diversified products*	240
Furukawa, Tamesaburo/Japan/*real estate*	171
Garza Sada family/Mexico/*beer, steel, packaging*	188
Gerling, Hans/Germany/*insurance*	221
Grosvenor, Gerald Cavendish/U.K./*real estate*	195
Haniel family/Germany/*trading, retailing*	240
Hattori family/Japan/*watches*	162
Hayashibara, Ken/Japan/*pharmaceuticals, real estate*	171
Henkel family/Germany/*consumer products*	226
Hoffmann family/Switzerland/*pharmaceuticals*	220
Irving, Kenneth Colin/Canada/*oil distribution, paper, land*	190
Kamprad, Ingvar/Sweden/*furniture retailing*	212
Kobayashi, Shigeru/Japan/*real estate*	168
Koc, Vehbi/Turkey/*conglomerate*	247
Liem Sioe Liong/Indonesia/*finance, trade, manufacturing*	140
Merck family/Germany/*drugs, chemicals*	240
Mohn family/Germany/*publishing*	234
Murata, Junichi/Japan/*fax, industrial machinery*	150
Ochoa family/Colombia/*cocaine*	180
Oetker, Rudolf August and family/Germany/*food, brewing*	237
Oppenheim family, von/Germany/*banking*	237
Otani, Yoneichi/Japan/*hotels*	170
Otsuka family/Japan/*pharmaceuticals*	160
Sabanci brothers/Turkey/*conglomerate*	248
Sagawa, Kiyoshi/Japan/*delivery service*	160
Sainsbury, David and family/U.K./*supermarkets*	196
Saji, Keizo/Japan/*liquor*	152
Schickedanz family/Germany/*mail order*	226
Schmidheiny, Stephan and family/Switzerland/*construction, etc.*	218
Schmidt-Ruthenbeck/Germany/*retailing*	240
Seydoux/Schlumberger family/France/*textiles, media, oil services*	205
Shino, Rinji/Japan/*real estate, leisure*	176
Takei, Hirotomo/Japan/*publishing, real estate*	176
Takei, Yasuo/Japan/*money lending*	158
Takenaka family/Japan/*construction*	149
Vestey, Samuel and Edmund/U.K./*meatpacking*	198
Weston, Garry and Galen/Canada/*foods, supermarkets*	190
Yamaguchi, Hisakichi/Japan/*cans*	164
Yamauchi, Hiroshi/Japan/*videogames*	148
Yoshida, Tadao and family/Japan/*zippers, building materials*	162
Over $1 Billion	
Aga Khan IV/*religion, investments*	252
Al-Ghanim family/Kuwait/*auto retailing, investments*	247
Al-Kharafi, Mohamed Abdul Mohsin/Kuwait/*banking, construction*	247
Al-Sulaiman, Abdul Aziz A./Saudi Arabia/*cement, trucks, real estate*	246
Bauer, Heinz/Germany/*publishing*	234
Benetton family/Italy/*apparel*	202
Birla family/India/*textiles, aluminum, autos*	144
Bosch family/Germany/*auto parts*	234
Botin family/Spain/*banking*	210
Botnar, Octav/U.K./*auto dealerships*	196
Bouriez family/France/*hypermarkets, luxury goods*	208
Bronfman, Charles/Canada/*liquor*	188
Brost, Erich/Germany/*publishing*	234
Camargo, Sebastião/Brazil/*construction, manufacturing*	184

RANKING FOREIGN BILLIONAIRE FORTUNES

Name/country/*industry*	Page
Cheng, Yu-tung/Hong Kong/*real estate*	134
Chung Ju-yung and family/Korea/*heavy industry*	126
Cisneros family/Venezuela/*consumer products*	184
Dassault, Serge/France/*aircraft, electronics*	204
Dassler family/Germany/*athletic wear*	221
Dreesmann family/Holland/*retailing*	212
Eaton family/Canada/*retailing*	192
Ermírio de Moraes, Antônio and family/Brazil/*mining, industry*	184
Fentener van Vlissingen family/Holland/*oil & gas, retailing*	216
Ferruzzi family/Italy/*agro-industry, chemicals*	198
Funke family/Germany/*publishing*	236
Goulandris family/Greece/*shipping, real estate*	195
Grundig, Chantal/Germany/*electronics*	221
Haefner, Walter/Switzerland/*car sales, software*	218
Haindl family/Germany/*newsprint*	228
Hariri, Rafik Bahauddin/Lebanon/*construction, investments, banking*	248
Herz family/Germany/*coffee retailing*	234
Hilti, Martin and family/Liechtenstein/*fasteners, rivets*	220
Hsu family/Taiwan/*textiles, cement, department stores*	125
Huang, Shi H. and family/Taiwan/*autos, motorcycles, financial services*	126
Ishibashi, Kanichiro/Japan/*auto tires*	150
Ishii, Hisashi/Japan/*finance*	156
Ito, Masatoshi/Japan/*retailing*	149
Jacobs, Klaus/Switzerland/*coffee, chocolate*	216
Jameel, Abdul Latif/Saudi Arabia/*auto distribution, real estate*	244
Jinnai, Ryoichi/Japan/*money lending*	158
Juffali family/Saudi Arabia/*conglomerate*	246
Kadoorie family/Hong Kong/*utilities, hotels*	134
Kanoo family/Bahrain/*shipping, conglomerate*	247
Kawamoto, Genshiro/Japan/*real estate*	170
Kawamura, Shigekuni/Japan/*ink, chemicals*	158
Kinoshita family/Japan/*money lending*	158
Kipp, Karl-Heinz/Germany/*variety stores*	236
Kobayashi, Heizo/Japan/*restaurants, supermarkets, hotels*	176
Koo family/Korea/*conglomerate*	128
Koo family/Taiwan/*banking, diversified*	124
Kristiansen family/Denmark/*toys*	194
Kuok, Robert and family/Malaysia/*sugar, flour trading, hotels*	140
Kwek family/Singapore/*finance, property*	142
Kwok Tak-Seng/Hong Kong/*real estate, housing*	138
Latsis, John/Greece/*shipping, oil*	195
Lee family/Singapore/*banking, rubber trading*	140
Lee Byung-chull family/Korea/*trading, retailing, consumer*	128
Leibbrand, Willi/Germany/*supermarkets*	232
Li Ka-shing/Hong Kong/*property development, industry*	132
Ligresti, Salvatore/Italy/*real estate, construction, insurance*	204
Lundberg, Fredrik and family/Sweden/*conglomerate, real estate*	210
Mann, Hugo/Germany/*retailing, real estate*	237
March family/Spain/*construction, investments, banking*	210
Marinho, Roberto/Brazil/*media*	180
Matsushita family/Japan/*electronics*	152
Maus-Nordmann family/Switzerland/*department stores*	218
Maxwell, Robert/U.K./*publishing*	196
Miller, Robert/Hong Kong/*retailing*	132
Moores, Sir John/U.K./*retailing*	198
Morita family/Japan/*consumer electronics*	149
Mulliez family/France/*hypermarkets*	208
Murayama family/Japan/*publishing*	150
Niarchos, Stavros/Greece/*shipping, investments*	194
Olayan, Suliman Saleh/Saudi Arabia/*construction, investments*	244
Otto family/Germany/*mail order*	221
Otto, Siegfried/Germany/*money printing*	221
Packer, Kerry/Australia/*media, investments*	144
Pao, Sir Yue-kong/Hong Kong/*shipping, property development*	132
Peugeot family/France/*autos*	208
Porsche family/Germany/*autos, auto dealerships, finance*	224
Reimann family/Germany/*chemicals, cleansers, cosmetics*	224
Röchling family/Germany/*steel*	228
Safra brothers/Lebanon/*banking*	252
Saito family/Japan/*paper*	148
Sasaki, Kichinosuke/Japan/*real estate*	168
Schorghuber, Josef/Germany/*construction, real estate, beer*	236
Siemens family, von/Germany/*electrical machinery*	237
Soeryadjaya, William & family/Indonesia/*auto sales, timber, rubber*	138
Swarovski family/Austria/*rhinestones*	220
Swire brothers/Hong Kong/*Far East trading, airline*	138
Teramachi family/Japan/*bearings*	160
Thurn und Taxis, Johannes von/Germany/*land, investments*	226
Thyssen-Bornemisza, Hans Heinrich/Switzerland/*art, manufacturing*	218
Tsai family/Taiwan/*insurance, construction*	126
Tsutsumi, Seiji/Japan/*retailing, hotels*	152
Uehara, Shoji/Japan/*pharmaceuticals*	162
Vuitton family/France/*luxury goods*	205
Wang, Y.C./Taiwan/*plastics*	124
Werhahn family/Germany/*retailing, banking*	238
Yokoi, Hideki/Japan/*real estate*	174

THE FORBES FOREIGN RANKINGS



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The 100 cheapest foreign stocks

Low-P/E foreign stocks for contrarians

Last year American stocks outperformed foreign stocks, but that may prove an aberration. For the three years ended December 1989, the Morgan Stanley world index of non-U.S. stocks climbed 70% in dollar terms, versus a 43% gain for U.S. stocks.

With so many U.S. investors now using computers to find bargain-priced U.S. issues, the best undervalued situations may be foreign shares. Looking for such stocks, we again turned to Morgan Stanley Capital International Perspective and its extensive international database.

To be a candidate for our cheap stock list, an issue had to sell for no more than 70% of the P/E ratio of its national index. Thus, for example, the Japanese market multiple is 44 times earnings, so only stocks with P/Es below 31 were considered—these aren't cheap stocks, just cheaper. We used a second screen of relative valuation by dropping off stocks with price-to-book values in excess of 90% of the price-to-book ratio of the national market. Finally, we eliminated stocks with a market capitalization under $200 million, so as to include only those foreign stocks that are fairly liquid.

The stocks below are ranked in descending order of cheapness, by P/E ratio. Near the top of the list, France's Peugeot Group is selling for only 4.5 times 1989 earnings. This automaker is having trouble in the U.S. but is doing well in Europe. It is joined on our low-P/E table by Volvo, Volkswagen, Toyota and Honda. These could be real bargains if volume picks up again.

The earnings estimates in the table come courtesy of the International Institutional Brokers Estimate System, a service of New York brokerage Lynch, Jones & Ryan. Of the 100 companies listed below, only 30 are expected to show higher earnings in 1990. That's one reason for the low P/Es.

Treat the table below as a menu of possibilities. It may be tougher to do research on these stocks than it is on, say, Mobil Oil. But a little library work or a call to your broker should help you get the additional information you need to decide whether these stocks are bargains or just cheap.

As a group, last year's 100 undervalued foreign issues were up more than 5%. That was not very good compared with the U.S. market, but it was excellent compared with other foreign stocks: Morgan Stanley's world index (excluding the U.S.) was up only 1%. This suggests contrarian investing strategies can be used globally.

Company/industry	Country	Recent price ($)	EPS 1989 ($)	EPS 1990E ($)	P/E	Yield (%)	Price/ book	Revenue ($mil)	Market value ($mil)
Arbed (Lux)/metals-steel	Belgium	153.52	70.95	40.06	2.2	4.7	0.9	5,634	1,112
Vallourec/machinery & eng	France	66.70	19.75	13.13	3.4	3.9	1.1	1,270	339
Repap Enterprises/forest products	Canada	5.97	1.51	0.78	4.0	4.0	0.6	1,032	311
Beazer/construction	United Kingdom	2.21	0.55	0.36	4.0	7.8	0.3	3,380	623
Free State Consolidated Mines/gold mines	South Africa	9.11	2.24	NA	4.1	2.7	0.6	1,412	1,070
NV DSM/chemicals	Netherlands	61.49	13.90	13.28	4.4	6.8	1.1	5,079	2,159
Banque Nat'l Belgique/banking	Belgium	944.30	212.62	158.58	4.4	6.0	0.6	NA	378
Hoogovens Groep/metals-steel	Netherlands	39.51	8.86	7.76	4.5	7.6	0.8	4,249	877
Peugeot Groupe SA/automobiles	France	144.39	32.29	39.73	4.5	2.9	1.4	23,981	7,209
Elkem/metals nonfer	Norway	44.21	9.21	3.26	4.8	3.5	1.5	1,474	614
Air Canada/airline	Canada	8.75	1.74	0.95	5.0	–	0.7	3,105	638
Trelleborg/industrial comp	Sweden	28.22	5.52	4.41	5.1	3.5	2.0	4,108	1,779
British Steel/metals-steel	United Kingdom	2.41	0.45	0.37	5.3	7.2	0.7	8,268	4,813
Jennings Industries/real estate	Australia	1.33	0.24	0.20	5.4	9.2	0.9	924	253
FAI Insurance/insurance	Australia	1.19	0.22	0.12	5.5	5.8	0.7	440	271
Industrial Equity/multi-industry	Australia	1.64	0.30	0.21	5.5	7.5	1.1	6,091	1,274
National Consolidated/industrial comp	Australia	2.11	0.38	0.41	5.6	13.5	1.1	385	363
DAF/machinery & eng	Netherlands	15.59	2.79	1.26	5.6	8.4	0.7	2,483	453
Pechiney/metals nonfer	France	58.58	10.35	9.36	5.7	6.7	1.3	13,867	2,960
Elders IXL/trading	Australia	1.43	0.25	0.18	5.7	10.5	1.0	10,338	3,143

Stock prices and earnings estimates were converted into U.S. dollars using exchange rates at May 31. Earnings and revenues for 1989 were converted using the average exchange rate for the previous 12 months at fiscal reporting date. E: Estimate. NA: Not available.

Sources: Morgan Stanley Capital International Perspective; Forbes.

Earnings estimates provided by the Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan.

The 100 cheapest foreign stocks

Company/industry	Country	Recent price ($)	—EPS— 1989 ($)	—EPS— 1990E ($)	P/E	Yield (%)	Price/ book	Revenue ($mil)	Market value ($mil)
Amec/construction	United Kingdom	6.69	1.16	0.90	5.8	6.3	1.4	3,268	472
News Corporation Ltd/media	Australia	7.72	1.29	0.66	6.0	1.0	0.5	6,430	2,072
Thomson-CSF/aero & defense	France	22.35	3.71	4.05	6.0	8.0	1.0	5,281	2,485
Barratt Developments/construction	United Kingdom	2.85	0.47	0.32	6.1	10.5	1.1	1,007	513
Akzo/chemicals	Netherlands	61.90	10.10	10.93	6.1	6.8	1.2	8,835	2,759
Royal Bank of Scotland/banking	United Kingdom	3.02	0.49	0.47	6.2	5.6	1.0	5,485	2,268
Enso-Gutzeit/forest products	Finland	8.05	1.28	1.09	6.3	3.4	0.8	2,507	1,123
Westpac Banking/banking	Australia	3.81	0.60	0.54	6.3	9.2	0.8	10,475	4,168
David Jones/retailing	Australia	6.14	0.97	1.14	6.3	16.3	1.0	1,029	962
Svenska Handelsbank/banking	Sweden	19.08	2.99	3.10	6.4	3.5	1.9	5,428	2,627
Kingfisher Plc/retailing	United Kingdom	5.47	0.86	0.52	6.4	4.7	1.5	4,741	2,404
ICI Australia/chemicals	Australia	3.45	0.54	0.27	6.4	11.1	1.2	2,501	1,019
Alcan Aluminium/metals nonfer	Canada	22.62	3.58	2.20	6.4	4.9	1.1	8,839	5,033
Dofasco/metals-steel	Canada	19.63	3.02	1.38	6.5	5.6	0.8	3,301	1,289
Canadian Pacific Forest/bldg materials	Canada	27.74	4.23	1.66	6.6	2.5	0.9	2,449	1,219
Privatbanken/banking	Denmark	46.83	7.06	NA	6.6	3.3	0.8	NA	1,865
John Laing/construction	United Kingdom	4.73	0.71	0.65	6.6	6.1	1.2	2,235	410
British Aerospace/aero & defense	United Kingdom	9.06	1.36	1.27	6.7	5.6	0.6	14,897	2,327
Burton Group/retailing	United Kingdom	3.10	0.46	0.38	6.8	6.8	1.4	3,093	1,732
Lex Services/services	United Kingdom	4.40	0.64	0.58	6.8	7.8	1.2	3,279	410
Adelaide Steamship/multi-industry	Australia	3.92	0.57	0.60	6.9	14.1	1.2	334	1,217
Canfor/forest products	Canada	23.15	3.36	2.30	6.9	2.6	1.0	778	528
Amstrad/data processing	United Kingdom	1.07	0.15	0.08	7.0	3.0	1.2	1,074	610
Solvay Group/chemicals	Belgium	412.37	58.73	70.62	7.0	3.8	1.4	6,522	3,417
Noranda Forest/forest products	Canada	10.24	1.45	0.82	7.0	6.7	0.9	4,112	1,011
National Australia Bank Group/banking	Australia	4.96	0.70	0.71	7.1	9.4	1.0	7,464	4,657
Skandinavisaka Euskilda Banken/banking	Sweden	13.21	1.86	1.93	7.1	3.7	1.7	6,506	3,394
Electrolux Group/appliances	Sweden	39.80	5.50	4.94	7.2	5.1	1.1	13,169	2,892
Cookson Group/misc materials	United Kingdom	3.72	0.51	0.49	7.3	5.4	1.5	2,334	1,354
Brascan/multi-industry	Canada	17.92	2.45	1.97	7.3	5.0	1.0	NA	1,455
Donohue/forest products	Canada	8.53	1.16	0.79	7.4	4.8	0.8	541	274
Australian Consolidated Minerals/gold mines	Australia	1.15	0.16	0.15	7.4	2.0	1.2	122	224
Sovac-Credit Mobilier/financial svcs	France	132.34	17.55	19.79	7.5	5.5	1.0	NA	556
SG Warburg Group/banking	United Kingdom	7.05	0.93	0.80	7.6	4.8	1.4	NA	1,325
Abbey National/banking	United Kingdom	3.41	0.45	0.49	7.6	3.7	NA	NA	4,469
Granada/leisure	United Kingdom	4.19	0.54	0.48	7.8	6.6	1.5	2,766	1,263
GKN/machinery & eng	United Kingdom	6.49	0.82	0.79	7.9	6.9	1.5	3,467	1,670
Pioneer International/bldg materials	Australia	1.67	0.21	0.20	8.0	6.9	1.1	3,155	1,205
Caltex Australia/energy	Australia	1.84	0.23	0.25	8.0	–	1.2	1,965	332
T & N/industrial comp	United Kingdom	3.05	0.38	0.43	8.0	7.9	1.0	1,948	1,059

Stock prices and earnings estimates were converted into U.S. dollars using exchange rates at May 31. Earnings and revenues for 1989 were converted using the average exchange rate for the previous 12 months at fiscal reporting date. E: Estimate. NA: Not available.

Sources: Morgan Stanley Capital International Perspective; Forbes.

Earnings estimates provided by the Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan.

The 100 cheapest foreign stocks

Company/industry	Country	Recent price ($)	EPS 1989 ($)	EPS 1990E ($)	P/E	Yield (%)	Price/ book	Revenue ($mil)	Market value ($mil)
MacMillan Bloedel/forest products	Canada	15.47	1.92	1.27	8.1	4.4	1.2	2,765	1,587
Rhône-Poulenc Group/chemicals	France	79.27	9.77	10.73	8.1	7.4	1.2	11,452	3,833
Hoechst Group/chemicals	Germany	169.46	20.21	22.32	8.4	7.1	1.6	24,413	9,595
Fletcher Challenge Canada/forest products	Canada	14.40	1.70	0.50	8.5	4.7	1.1	1,185	863
Volvo Group/automobiles	Sweden	75.03	8.81	7.19	8.5	3.4	1.1	14,115	4,374
Crédit Lyonnais/banking	France	151.55	17.71	20.61	8.6	4.0	1.1	24,003	4,222
BASF Group/chemicals	Germany	174.11	20.21	22.64	8.6	6.9	1.3	25,328	9,923
DFDS/shipping	Denmark	571.87	64.71	41.51	8.8	1.6	1.6	615	229
Bayer Group/chemicals	Germany	174.40	19.68	22.07	8.9	6.9	1.3	23,031	11,144
Thyssen Group/metals-steel	Germany	168.51	18.71	19.73	9.0	5.5	2.0	18,308	5,293
Rio Algom/misc materials	Canada	17.71	1.94	1.69	9.1	5.1	1.1	1,444	774
Power Corp of Canada/multi-industry	Canada	13.12	1.42	1.40	9.2	3.9	1.0	227	1,504
Hees Intl Bancorp/financial svcs	Canada	21.34	2.28	2.57	9.4	3.8	1.3	515	1,690
Sears Canada/retailing	Canada	10.03	1.04	0.94	9.7	2.0	1.0	3,853	857
Enimont/chemicals	Italy	1.19	0.12	0.11	9.7	–	NA	11,185	5,040
Rieter Holding/machinery & eng	Switzerland	1,111.11	111.86	NA	9.9	5.7	0.6	1,149	431
Caffaro/chemicals	Italy	1.09	0.11	0.12	10.1	3.7	1.4	447	297
BCE/telecomm	Canada	33.82	3.30	3.35	10.2	6.4	1.3	14,089	10,234
Volkswagen Group/automobiles	Germany	354.41	31.54	37.89	11.2	2.9	1.6	34,760	11,358
Baltica Holding/insurance	Denmark	138.13	11.63	10.08	11.9	0.9	1.1	775	1,830
Neptune Orient Lines/shipping	Singapore	1.06	0.08	0.07	12.7	2.5	0.8	678	487
United Overseas Bank/banking	Singapore	3.00	0.22	0.16	13.5	2.2	1.8	NA	1,660
EVN Energie-Versorgung/utilities	Austria	753.77	45.90	54.62	16.4	1.8	2.0	566	716
Matsushita Elect Indl/appliances	Japan	14.26	0.79	0.78	18.0	0.6	1.6	42,030	29,655
Fuji Photo Film/leisure goods	Japan	27.26	1.46	1.37	18.6	0.3	2.3	6,902	11,544
Toyota Motor/automobiles	Japan	16.55	0.88	0.85	18.9	0.8	2.0	61,052	50,477
Honda Motor/automobiles	Japan	11.76	0.58	0.63	20.1	0.8	1.7	26,970	11,366
Leykam-Murztaler Papier/forest products	Austria	54.44	2.36	4.56	23.1	1.8	2.4	605	534
Hitachi Ltd/elec & electron	Japan	10.25	0.43	0.48	23.7	0.6	2.0	49,557	33,066
Nissan Motor Co/automobiles	Japan	7.95	0.32	0.38	24.5	1.2	1.8	39,525	19,941
Mitsubishi Electric/elec & electron	Japan	6.54	0.25	0.23	26.0	0.9	3.3	20,839	13,960
Sony/appliances	Japan	56.63	2.17	2.26	26.1	0.6	2.1	20,163	18,797
Oji Paper Co/forest products	Japan	7.82	0.30	0.27	26.4	0.7	3.3	4,488	4,750
Royal Co/leisure	Japan	16.42	0.62	0.50	26.5	0.8	2.3	551	668
Orient Corp/financial svcs	Japan	8.93	0.33	0.30	26.9	0.9	2.2	NA	3,048
Gakken/media	Japan	13.47	0.49	NA	27.4	0.7	2.3	1,169	1,352
Best Denki/retailing	Japan	13.07	0.47	0.45	27.7	1.3	3.2	1,426	1,589
House Food/food, household products	Japan	14.45	0.50	0.48	28.7	0.8	2.4	1,078	1,492
Austrian Airlines/airline	Austria	403.69	13.53	12.90	29.8	1.5	2.3	422	1,020
Denny's Japan/leisure	Japan	24.44	0.81	0.80	30.2	0.6	3.3	501	654

Stock prices and earnings estimates were converted into U.S. dollars using exchange rates at May 31. Earnings and revenues for 1989 were converted using the average exchange rate for the previous 12 months at fiscal reporting date. E: Estimate. NA: Not available.

Sources: Morgan Stanley Capital International Perspective; Forbes.

Earnings estimates provided by the Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan.

International giants with impressive statistics

HERE ARE SOME snapshots of the 500 largest publicly owned companies outside the U.S.:

- As a group, the Forbes foreign 500 companies' revenues total $5.2 trillion, or 13% more than their sales in 1988. By contrast, the 500 U.S. companies with the largest revenues grossed $3.2 trillion last year *(see* FORBES, *Apr. 30).*
- The Forbes foreign 500 employ 19.8 million people and earned aggregate profits of $165 billion. The Forbes U.S. Sales 500 employ 19 million and netted $158 billion.
- Based on market values from their respective national stock markets, the foreign companies are worth $3.4 trillion—that's 20.6 times earnings.

The U.S. companies have an overall market value of $2.2 trillion, 13.9 times earnings.

- Of the foreign 500, Japan accounts for the most: 195. It is followed by the U.K., with 82; France, with 48; and Germany, with 37.
- One fact that merits reflection: The six largest companies in the world are all from Japan, but note that all six are trading companies: Their revenues represent values created by other companies further down on the production chain. The largest foreign company is Sumitomo Corp., with $158 billion in revenues and 13,000 employees. The largest U.S. company is General Motors, which has revenues of $127 billion and 775,000 workers. But comparing

The 25 largest public companies outside the U.S.

Company/business	Country	Sales ($mil)	Employees (thou)
Sumitomo Corp/trading	Japan	158,221	13.0
C Itoh & Co Ltd/trading	Japan	147,016	10.0
Mitsui & Co Ltd/trading	Japan	136,578	10.8
Marubeni Corp/trading	Japan	131,419	7.3*
Mitsubishi Corp/trading	Japan	129,689	32.0
Nissho Iwai Corp/trading	Japan	108,118	7.2
Royal Dutch/Shell/oil & gas	Holland	85,536	135.0
Toyota Motor Corp/automotive	Japan	61,052	91.8
Hitachi Ltd/multicompany	Japan	49,557	274.5
British Petroleum Co/oil & gas	UK	48,602	119.9
Toyo Menka Kaisha/trading	Japan	45,055	3.3
Nichimen Corp/trading	Japan	42,989	2.8*
Nippon Tel & Tel/communications	Japan	42,166	283.3
Matsushita El Ind/consumer electronics	Japan	42,030	198.3
Daimler-Benz Group/automotive	Germany	40,633	368.2
Nissan Motor Co Ltd/automotive	Japan	39,525	129.5
Kanematsu Corp/trading	Japan	39,219	2.7*
Fiat Group/automotive	Italy	38,044	289.3
Volkswagen Group/automotive	Germany	34,760	250.6
Siemens Group/electrical equipment	Germany	32,676	365.0
Unilever/food processing	Holland	31,256	300.0
Toshiba Corp/multicompany	Japan	29,757	125.0
Dai-Ichi Kangyo Bank/banking	Japan	29,628	18.5*
Nestlé/food processing	Switz	29,341	196.9
Tokyo Electric Power Co*/utility	Japan	28,636	39.6

*Not consolidated.

And 25 very large non-publicly-owned ones

Company/business	Country	Sales ($mil)	Employees (thou)
Nippon Life Ins/insurance	Japan	47,405[1]	14.5
Dai-ichi Mutual Life Ins/insurance	Japan	35,146[1]	16.5
Samsung Group[2]/multi-industry	Korea	34,663	176.9
Zenkyoren/insurance	Japan	32,777	0.8
Sumitomo Life Ins/insurance	Japan	31,414[1]	11.3
Renault Group/automobiles	France	27,347	174.6
Meiji Mutual Life Ins/insurance	Japan	24,916	7.9
Crédit Agricole/banking	France	22,537	73.7
Daewoo Group/multi-industry	Korea	20,067	91.1
Tengelmann Group/retailing	Germany	19,933	150.0
Asahi Mutual Life Ins/insurance	Japan	15,968[1]	9.0
Robert Bosch Group/automobiles	Germany	15,758[1]	165.7[1]
Mitsui Mutual Life Ins/insurance	Japan	15,269	32.0
Groupe Usinor Sacilor/metals-steel	France	15,203	95.8
Pemex-Petról Mexicanos/oil & gas	Mexico	15,064	164.7
Norinchukin Bank/banking	Japan	13,895	3.1
Kuwait Petroleum Corp/energy	Kuwait	13,056	15.4
Ruhrkohle/energy	Germany	12,447	124.8
Idemitsu Kosan Co Ltd/energy	Japan	11,605[1]	5.5
Krupp Group/metals-steel	Germany	9,415	65.2
Statoil Group/energy	Norway	9,244	11.0
Sunkyong Group/multi-industry	Korea	9,053	21.2
Neste Group/oil & gas	Finland	9,053	21.2
Vendex Intl Group/retailing	Holland	7,312	55.2
Bertelsmann/media	Germany	6,725	43.7

[1] Figures are latest available. [2] Some individual companies in the group are traded on the stock exchange.

the two is apples and oranges.

Once again we created our rankings with the help of the Morgan Stanley Capital International Perspective database, which supplied much of the raw data on foreign companies. Reflecting the globalization of world equity markets, Morgan Stanley's Geneva research organization now covers 2,468 publicly traded companies in 21 countries, and has become an invaluable resource.

The earnings estimates in the tables come from the international database of the Institutional Brokers Estimate System, a service of New York brokerage firm Lynch, Jones & Ryan. This operation brings together opinions from 2,900 analysts in 26 countries covering 5,500 companies. According to these forecasts, the three European countries expected to see the most earnings growth in 1990 are Norway, Ireland and Spain. Other international markets that look particularly hot, based on earnings forecasts, are Singapore, the Philippines and Indonesia. There are only three markets in which analysts are expecting something of an earnings decline this year: Denmark, the Netherlands and Taiwan.

Revenues, net income and assets are as of the latest available fiscal year. As is the common practice on Wall Street, we treated corporate earnings with fiscal dates of June 1989 or later as 1989 earnings. For example, as of its balance sheet date of Feb. 28, 1990, Ito-Yokado Co. Ltd. of Japan reported fiscal earnings of $1.01 a share. We consider these profits to be its 1989 earnings. For those firms that have not reported 1989 results we used the Institutional Brokers Estimate System forecast, if it was available, and marked the figure with an "E."

Income and balance sheet information was converted into U.S. currency using the 12-month average exchange rate as of the reporting date. Foreign assets were converted into dollars using the month-end exchange rate as of the fiscal date. Stock prices, market capitalization and 1990 earnings estimates were converted as of the May 31, 1990 exchange rate.

Are there big companies missing from our rankings? There are. France's Renault and Norway's Statoil, for example, are not ranked. Nor are West Germany's Tengelmann Group, Bosch Group, Krupp Group and Bertelsmann. The reason is that these businesses are either owned by their respective governments or owned privately. The Forbes foreign 500 consists of publicly owned companies whose equity is becoming increasingly liquid and available as the world's stock markets become networked together. On the bottom of page 318 we show the 25 largest public foreign corporations and, for comparison, the 25 largest nonpublic foreign companies.

An index begining on page 346 shows the page on which each of the international 500 companies can be found.

Australia

P/E 12 • Yield 6% • Market value $124 billion • Year to date price change –10%

The Australian stock market, in a slump since September 1989, has fallen by nearly 10% (in U.S. dollars) since January. Monetary policy remains tight: Short-term interest rates currently stand near 15%. Strength in the Australian dollar, while good news for inflation, may prove bad for exports. Contrarians might find opportunities here. Citing an average market P/E just over 12, Bryan Madden, director of research for Prudential-Bache in Australia, believes Australian stocks are currently undervalued.

1989 Rank	Company/business	Revenue ($mil)	Net income ($mil)	Assets ($mil)	Market value ($mil)	Stock price ($)	EPS 1989 ($)	EPS 1990E ($)	Yield (%)	Employees (thou)
100	•**Coles Myer Ltd**/retailing	11,382	315	3,704	2,957	5.65	0.61	0.54	6.1	166.8
113	•**Westpac Banking**/banking	10,475	638	84,317	4,168	3.81	0.60	0.54	9.2	47.5
117	•**Elders IXL Ltd**/trading	10,338	546	7,587	3,143	1.43	0.25	0.18	10.5	33.7
154	•**Broken Hill Prop**/energy	8,602	849	14,968	10,457	7.14	0.64E	0.71	3.8	49.0
170	■**ANZ Banking**/banking	8,019	418	65,776	3,571	3.88	0.69	0.62	8.7	47.0
187	•**National Australia**/banking	7,464	632	59,115	4,657	4.96	0.70	0.71	9.4	35.4
209	•**Bond Corp Holdings**/multi-industry	6,921	–800	8,840	42	0.10	NA	NA	0.0	20.2
232	•**News Corporation Ltd**/media	6,430	405	14,404	2,072	7.72	1.29	0.66	1.0	30.9
249	■**Industrial Equity**/multi-industry	6,091	231	3,347	1,274	1.64	0.30	0.21	7.5	23.0
379	■**CRA Limited**/metals nonfer	3,940	514	6,364	5,376	9.29	0.81	0.80	4.8	21.1
402	•**Pacific Dunlop**/multi-industry	3,663	215	3,107	2,672	3.72	0.31	0.33	3.9	44.8
414	■**CSR Group**/multi-industry	3,487	314	4,135[1]	2,910	4.04	0.44	0.47	6.5	18.3
456	■**TNT**/trucking, RR	3,187	181	2,979	1,026	1.96	0.34	0.22	5.9	50.7
462	■**Pioneer Intl**/bldg materials	3,155	146	2,652	1,205	1.67	0.21	0.20	6.9	9.9
490	■**Boral Ltd**/bldg materials	2,958	246	2,572	2,304	2.72	0.29	0.31	6.5	22.0

•Sponsored ADR. ■Not sponsored. All figures except per-share items are in millions of U.S. dollars. General note: Revenue, net income and 1989 EPS are converted at an average rate of exchange for the fiscal year; assets are converted at fiscal year-end rate. Revenue figures are for group or consolidated operations and exclude excise taxes and duties. For companies with January, February or March fiscal year-ends, 1989 figures are used unless noted. Market value is as of May 31, 1990. [1]Figures are latest available. E: Estimate. NA: Not available.

Sources: Morgan Stanley Capital International Perspective; Forbes.
Earnings estimates provided by the International Edition of Institutional Brokers Estimate System (IBES).

The 500 largest foreign companies

Belgium

P/E 11 • Yield 5% • Market value $73 billion • Year to date price change –5%

The Brussels stock market is small but growing rapidly. During 1989 alone, 141 new securities were listed, bringing the total to almost 500. There are 155 foreign companies traded, including 35 from the U.S. Belgium has a favorable investment climate: Individual investors pay no capital gains taxes and corporations can be exempt if they hold a security for at least five years. And there are no specific restrictions on foreign investors. Most stocks are now traded through a new computerized trading system that went into effect in 1989.

1989 Rank	Company/business	Revenue ($mil)	Net income ($mil)	Assets ($mil)	Market value ($mil)	Stock price ($)	EPS 1989 ($)	EPS 1990E ($)	Yield (%)	Employees (thou)
102	**Petrofina SA**/energy	11,268	554	10,305	7,443	343.64	25.02	29.58	4.6	23.6
192	**Générale Bank Group**/banking	7,373	65	68,119	1,843	143.18	11.08E	18.70	7.1	16.4[2]
221	**Delhaize "Le Lion"**/retailing	6,598	81	1,953	1,841	179.55	7.89	10.69	1.3	55.0
230	**Solvay Group**/chemicals	6,522	485	6,809	3,417	412.37	58.73	70.62	3.8	45.0
268	**Arbed SA (Lux)**/metals-steel	5,634	444	5,402	1,122	153.52	70.95	40.06	4.9	11.5
282	**GIB Group**/retailing	5,392	72	1,492[1]	1,220	39.29	2.32	2.77	2.7	31.4
294	**Bank Bruxelles Lambert**/banking	5,183	125	50,879	1,286	86.77	11.00	11.17	6.0	12.1[2]
311	**Cockerill Sambre SA**/metals-steel	4,771	391	5,215[1]	1,825	5.73	1.22	1.09	0.0	31.0
328	**Kredietbank NV**/banking	4,580	132	48,199	1,699	115.12	8.04	13.45	5.3	11.8

Canada

P/E 15 • Yield 4% • Market value $238 billion • Year to date price change –10%

After closely pacing the U.S. stock market from 1985 to 1989, Canada is now falling behind. With gold and resource stocks weak, the Canadian market lost 9.9% in U.S. dollars through May 1990. In contrast, the Wilshire index of U.S. issues is off 0.6%. Lloyd Atkinson, chief economist at the Bank of Montreal, sees the economy slowing to a 1% growth rate in 1990. He blames high interest rates, restrictive fiscal policy and the strong Canadian dollar. Another problem: uncertainty over whether the provinces will stick together.

1989 Rank	Company/business	Revenue ($mil)	Net income ($mil)	Assets ($mil)	Market value ($mil)	Stock price ($)	EPS 1989 ($)	EPS 1990E ($)	Yield (%)	Employees (thou)
78	**BCE Inc**/telecomm	14,089	1,014	33,910	10,234	33.82	3.30	3.35	6.4	120.0
105	**Royal Bank of Canada**/banking	11,111	444	97,692	5,742	19.95	1.57	2.95	5.0	48.0
114	**Campeau**/real estate	10,439	–1,740	14,295[1]	77	1.74	–39.59	NA	0.0	120.0
135	**Canadian Imperial Bank**/banking	9,476	378	85,353	4,118	23.47	1.92	3.81	5.6	36.5
138	**Canadian Pacific Ltd**/multi-industry	9,308	629	16,454	5,977	18.78	1.98	1.49	4.2	75.6
143	**Bank of Montreal**/banking	8,962	43	67,217	2,573	22.83	0.03	3.84	7.9	33.7
145	**Alcan Aluminium Ltd**/metals nonfer	8,839	835	9,508	5,033	22.50	3.58	2.20	4.9	57.0
147	**George Weston Ltd**/retailing	8,834	127	3,067	1,528	33.07	2.53	2.81	1.8	56.0
177	**Noranda**/metals nonfer	7,735	373	12,130	3,140	16.75	1.85	1.41	5.1	59.0
195	**Bank of Nova Scotia**/banking	7,306	186	68,989	2,258	11.95	0.85	2.41	7.1	29.6
247	**Toronto-Dominion Bank**/banking	6,118	584	53,743	4,624	15.36	1.85	1.90	4.2	28.0
293	**Provigo Inc**/retailing	5,192	26	1,218	625	7.25	0.30	0.65	2.8	12.5
297	**Thomson Corp**/media	5,112	420	6,955	6,812	12.48	0.78	0.81	3.6	44.6
330	**Seagram Co Ltd**/bev & tobacco	4,508	711	10,213	8,169	86.00	7.37	8.04	2.3	17.6
337	**Great-West Lifeco**/insurance	4,476	92	16,316	893	11.31	1.17	1.37	3.8	6.0
357	**Oshawa Group Ltd**/retailing	4,185	59	804	939	26.67	1.78	2.01	1.4	22.8
367	**Nova Corp of Alberta**/utilities	4,088	157	6,825	2,136	7.15	0.54	0.38	6.2	12.7
370	**Hudson's Bay Co**/retailing	4,035	103	3,286	1,232	27.63	2.53	2.49	2.5	40.0
373	**John Labatt**/bev & tobacco	4,021	112	2,324	1,355	17.92	1.47E	1.73	3.5	16.0
377	**INCO**/metals nonfer	3,948	753	3,665	2,875	27.63	7.11	2.77	3.6	19.3

All figures except per-share items are in millions of U.S. dollars. General note: Revenue, net income and 1989 EPS are converted at an average rate of exchange for the fiscal year; assets are converted at fiscal year-end rate. Revenue figures are for group or consolidated operations and exclude excise taxes and duties. For companies with January, February or March fiscal year-ends, 1989 figures are used unless noted. Market value is as of May 31, 1990. [1]Figures are latest available. [2]Not fully consolidated. E: Estimate. NA: Not available.

Sources: Morgan Stanley Capital International Perspective; Forbes.
Earnings estimates provided by the International Edition of Institutional Brokers Estimate System (IBES).

The 500 largest foreign companies

Canada

1989 Rank	Company/business	Revenue ($mil)	Net income ($mil)	Assets ($mil)	Market value ($mil)	Stock price ($)	EPS 1989 ($)	EPS 1990E ($)	Yield (%)	Employees (thou)
405	**Imasco Ltd**/bev & tobacco	3,577	309	4,645	3,714	31.15	2.42	2.79	3.5	83.8
441	**Dofasco**/metals-steel	3,301	219	4,397	1,289	19.63	3.02	1.38	5.6	22.7
459	**Royal Trustco Ltd**/banking	3,178	224	34,398	1,581	12.70	1.44	1.57	4.8	8.7
461	**Natl Bank of Canada**/banking	3,170	27	28,896	931	7.79	0.05	1.58	7.9	12.3
465	**Crownx**/multi-industry	3,126	44	1,061	263	9.92	0.95	NA	3.4	30.7
471	**Air Canada**/airlines	3,105	126	3,551	638	8.75	1.74	0.95	0.0	23.2

France

P/E 13 • Yield 3% • Market value $358 billion • Year to date price change 6%

Measured by its capitalization of $358 billion, France's is the third-largest European stock exchange. Its futures market, MATIF, is among the largest in the world. The French stock market underwent major reforms in 1988 as Bourse membership was transferred from individuals to firms. Other financial institutions and corporations, both French and foreign, may now invest in French brokerage houses. Most trading in France is executed on a continuous basis between 10 a.m. and 5 p.m. through an electronic trading system.

1989 Rank	Company/business	Revenue ($mil)	Net income ($mil)	Assets ($mil)	Market value ($mil)	Stock price ($)	EPS 1989 ($)	EPS 1990E ($)	Yield (%)	Employees (thou)
37	**Crédit Lyonnais**/banking	24,003	491	210,727	4,222	151.55	17.71	20.61	4.0	61.5
38	■**Peugeot Groupe SA**/automobiles	23,981	1,614	16,151[1]	7,209	144.39	32.29	39.73	2.9	158.1
39	●**Elf Aquitaine Group**/energy	23,510	1,129	33,181	13,685	122.92	10.14	15.07	4.5	78.0
42	**Générale d'Elec**/elec & electron	22,570	774	30,943	11,404	111.22	7.54	7.53	2.6	210.0
43	**Suez Group**/banking	22,538	636	125,163	9,702	81.52	5.37	7.46	2.2	75.0
46	**BNP Group**/banking	21,235	535	231,463	5,019	85.38	9.10	11.30	4.4	60.3
59	**TOTAL Française des Pétroles**/energy	16,911	346	15,276	4,496	123.79	9.52	11.89	4.2	41.2
61	**Société Générale**/banking	16,334	558	175,787	6,661	107.20	9.00	11.50	3.7	46.0
65	**Générale des Eaux**/services	15,470	287	18,663	8,918	475.77	15.83	20.69	1.9	154.0
72	**Paribas Group**/banking	14,316	541	138,668	7,893	115.76	9.58	11.01	2.7	26.5
79	**Pechiney**/metals nonfer	13,867	523	13,384	2,960	58.58	10.35	9.36	6.7	70.0
80	**GAN-Assur Nationales**/insurance	13,589	392	38,010	3,556	391.97	42.65	48.91	NA	26.0
95	**Carrefour Group**/retailing	11,577	185	5,279	4,093	640.77	29.00	38.25	2.5	46.6
98	●**Rhône-Poulenc Group**/chemicals	11,452	473	14,371	3,833	79.27	9.77	10.73	7.4	86.0
116	**Saint-Gobain**/misc materials	10,360	676	13,449	6,381	102.84	10.89	12.73	3.7	87.8
121	**UAP-Union des Assur**/insurance	10,107	536	35,385[1]	9,136	108.77	7.93	9.31	2.1	29.5
151	**Michelin Group**/industrial comp	8,661	384	11,021	2,344	22.37	3.74E	4.08	2.8	119.8
164	**Promodès Group**/retailing	8,128	136	2,580[1]	1,132	733.30	34.80	39.88	1.6	33.2
182	■**BSN-Groupe**/food, household	7,628	423	9,729	8,224	151.55	7.79	9.70	2.0	49.7
183	**Schneider SA**/machinery & eng	7,570	137	10,561[1]	2,659	190.31	11.73	12.26	1.7	75.0
193	**Bouygues Group**/construction	7,367	90	7,255	1,812	116.46	5.77	7.63	3.1	59.2
218	**AGF-Assur Générales**/insurance	6,730	403	25,207	4,605	209.34	18.31	21.82	1.7	17.8
239	**Crédit Commercial**/banking	6,229	110	45,603	1,850	41.99	2.50	3.04	2.2	12.3
276	**Casino Groupe**/retailing	5,494	NA	2,647	1,248	25.07	1.67	1.84	6.3	38.2
291	●**Thomson CSF SA**/aero & defense	5,281	413	18,107[1]	2,485	22.35	3.71	4.05	8.0	42.0
296	■**Groupe Bull**/data processing	5,129	–59	5,367	607	12.59	–1.41	NA	0.0	43.6
306	**CFAO-Fran de l'Afrique**/trading	4,888	47	3,783	1,219	103.54	4.11	6.57	2.9	31.3
309	**Crédit Foncier**/banking	4,822	85	53,127	2,366	246.18	8.81	20.24	3.5	3.5[2]
312	**Lafarge Coppée**/bldg materials	4,759	341	7,429	4,541	85.73	6.44	7.93	2.7	31.0

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Sources: Morgan Stanley Capital International Perspective; Forbes.
Earnings estimates provided by the International Edition of Institutional Brokers Estimate System (IBES).

The 500 largest foreign companies

France

1989 Rank	Company/business	Revenue ($mil)	Net income ($mil)	Assets ($mil)	Market value ($mil)	Stock price ($)	EPS 1989 ($)	EPS 1990E ($)	Yield (%)	Employees (thou)
329	**Hachette SA**/media	4,537	74	3,601[1]	1,404	71.41	3.76	3.84	1.4	31.0
335	**Dumez Group**/construction	4,485	89	4,006[1]	1,231	111.22	8.02	9.21	2.7	28.9
339	**Groupe Printemps**/retailing	4,446	82	2,740[1]	843	124.49	12.13	7.79	2.9	30.0
341	**L'Aire Liquide Group**/chemicals	4,428	283	5,265[1]	5,894	131.65	6.32	7.86	2.6	27.0
353	■**L'Oréal Group**/personal care	4,259	283	3,936	5,424	937.58	48.90	51.40	1.7	28.4
369	**SAE-Aux d'Enterprise**/construction	4,061	32	4,367	772	193.63	7.96	13.16	4.1	26.0
392	**Euromarché SA**/retailing	3,793	–9	1,466[1]	766	682.67	–8.31	5.74	0.0	20.4
394	**Docks de France**/retailing	3,789	37	1,406	790	696.64	33.54	45.43	2.4	21.1
403	**OCP-Off Comm Pharm**/chemicals	3,655	14	857	237	108.25	6.41	8.99	3.2	6.1
419	**MATRA**/aero & defense	3,462	95	4,471[1]	1,665	71.67	4.08	5.30	2.9	21.0
429	**Lyonnaise des Eaux**/services	3,390	114	5,067[1]	3,702	128.68	4.59	5.39	1.9	43.0
435	**GTM-Entrepose**/construction	3,354	18	3,581[1]	637	298.56	8.47	17.41	1.9	24.5
438	**CMB Packaging**/misc materials	3,341	177	4,409	2,771	36.84	2.12	2.82	2.6	33.7
450	**IMETAL**/metals nonfer	3,254	74	1,316	725	64.08	6.51	7.07	3.5	5.9
467	**Accor SA**/leisure	3,122	95	2,483[1]	3,221	176.34	5.59	7.16	1.9	66.0
477	●**LVMH**/bev & tobacco	3,078	460	5,467	9,888	813.62	35.89	45.94	2.0	13.3
480	■**Valeo**/industrial comp	3,063	147	3,143	1,344	109.47	11.95	15.57	2.2	34.2
482	**Chargeurs SA**/multi-industry	3,041	110	3,741	1,239	189.26	16.93	20.70	3.9	21.0
489	**HAVAS**/services	2,958	150	1,739[1]	3,942	118.73	3.95	5.08	1.3	9.4

Germany

P/E 17 • Yield 3% • Market value $369 billion • Year to date price change 4%

The reunification of the two Germanys will not be without setbacks. A surge of East German immigrants is straining the West German economy. And it could cost an estimated $500 billion to rebuild East Germany's infrastructure. Nevertheless, analysts expect West Germany's economy to continue to expand, and grow 4% over the coming year. West German firms like Volkswagen have already made deals with East Germany. Reflecting the prospects, the West German market's P/E is the second highest in Europe, after Austria.

1989 Rank	Company/business	Revenue ($mil)	Net income ($mil)	Assets ($mil)	Market value ($mil)	Stock price ($)	EPS 1989 ($)	EPS 1990E ($)	Yield (%)	Employees (thou)
15	■**Daimler-Benz Group**/automobiles	40,633	3,420	36,952	22,498	482.85	27.13	32.07	2.3	368.2
19	■**Volkswagen Group**/automobiles	34,760	523	33,496	11,358	354.41	31.54	37.89	2.9	250.6
20	■**Siemens Group**/elec & electron	32,676	787	34,470	21,214	426.00	24.21	28.32	2.7	365.0
31	**VEBA Group**/utilities	26,174	672	20,362[1]	11,087	252.47	15.48	18.85	4.0	94.7
33	■**BASF Group**/chemicals	25,328	1,072	20,689	9,923	174.11	20.21	22.64	6.9	137.0
34	■**Hoechst Group**/chemicals	24,413	1,026	19,637	9,595	169.46	20.21	22.32	7.1	169.3
41	■**Bayer Group**/chemicals	23,031	1,108	21,284	11,144	174.40	19.68	22.07	6.9	170.2
47	■**RWE Group**/utilities	20,995	339	21,967	11,954	283.11	11.96	15.15	2.9	78.2
53	■**Thyssen Group**/metals-steel	18,308	408	11,179	5,293	168.51	18.71	19.73	5.5	133.8
58	**Allianz Worldwide**/insurance	16,932E	0	18,581[1]	24,888	1,508.37	30.62E	37.15	0.7	43.1
63	■**Deutsche Bank Group**/banking	15,745	699	202,606	18,962	458.99	23.33E	29.17	2.8	56.6
77	**BMW-Bayer Motoren**/automobiles	14,104	297	12,186	5,526	350.87	18.78	34.37	3.3	66.3
91	■**Mannesmann Group**/machinery & eng	11,877	246	9,553	6,058	209.46	12.77	14.83	3.5	125.8
110	**Metallgesellschaft**/multi-industry	10,758	76	4,868	2,812	370.02	12.07	14.59	2.5	24.5

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Sources: Morgan Stanley Capital International Perspective; Forbes.
Earnings estimates provided by the International Edition of Institutional Brokers Estimate System (IBES).

The 500 largest foreign companies

Germany

1989 Rank	Company/business	Revenue ($mil)	Net income ($mil)	Assets ($mil)	Market value ($mil)	Stock price ($)	EPS 1989 ($)	EPS 1990E ($)	Yield (%)	Employees (thou)
118	■**Dresdner Bank**/banking	10,299	335	145,423	8,538	244.52	14.71E	17.46	4.5	36.9
140	**M A N Group**/machinery & eng	9,188	128	7,712	4,115	284.00	10.52	14.60	2.6	62.0
149	**Preussag Group**/multi-industry	8,700	149	7,626	3,763	266.32	14.41	19.36	2.8	65.7
160	■**Commerzbank**/banking	8,264	296	112,825	4,096	163.50	11.20E	13.61	5.1	27.6
179	**Degussa AG**/misc materials	7,675	93	3,549	2,009	275.16	16.57	18.28	3.7	33.7
206	■**Deutsche Lufthansa**/airlines	6,944	58	7,234	3,018	101.05	3.32E	3.84	3.6	51.9
207	**Münchener Rück** [1]/insurance	6,935	32	16,446	8,579	1,349.28	15.91	15.85	0.7	1.7
208	**Kaufhof**/retailing	6,924	47	2,791	3,200	382.10	8.51	11.16	2.0	44.2
211	**Karstadt Group**/retailing	6,893	74	2,766[1]	2,876	399.48	8.74	12.93	2.3	67.2
223	**Co op AG**/retailing	6,577[1]	NA	NA	NA	NA	NA	NA	0.0	42.6
227	■**Bayer Vereinsbank**/banking	6,535	148	102,256	3,133	219.77	18.35E	21.15	5.4	15.0
243	**Henkel Group**/food, household	6,191	193	5,030	5,058	360.00	16.49	20.92	2.3	38.1
256	**Bayer Hypotheken**/banking	5,913	151	90,129	3,659	221.54	19.50E	22.57	5.4	11.9[2]
267	■**Hoesch Group**/metals-steel	5,680	38	5,124	1,475	207.40	19.15	22.98	4.4	44.5
273	**VIAG Group**/multi-industry	5,550	141	7,023	3,813	241.57	15.00	19.07	3.0	34.7
302	**Feldmühle Nobel**/misc materials	5,057	86	4,075	2,426	303.21	12.23	15.24	3.0	35.4
303	**Asko**/retailing	4,973E	67E	1,971[1]	1,785	540.30	23.94	30.47	2.5	93.0
338	■**Continental Group**/industrial comp	4,458	121	3,184	1,528	175.58	13.83	16.50	4.2	47.5
356	**Philipp Holzmann AG**/construction	4,186	78	1,352[1]	2,500	889.70	12.31E	16.75	1.0	28.4
444	**VEW-Vereinigte Elek**/utilities	3,276	81	6,049	2,634	131.69	6.05	7.07	4.2	8.1
470	**Schering Group**/personal care	3,109	120	3,622	2,791	469.60	21.81	25.30	2.5	25.3
497	**Hochtief**/construction	2,906	42	2,563	3,903	780.70	12.35E	18.43	1.2	26.2
500	**Linde AG**/machinery & eng	2,900	96	2,653	3,389	588.03	22.34	28.11	2.2	15.1

Italy

P/E 15 • Yield 3% • Market value $186 billion • Year to date price change 7%

Italy has only about 240 investor-owned companies, representing about 7% of Europe's total market value. However, the capitalization of the Italian market, currently $186 billion, has increased 50% from last year. Italy's financial center is in Milan. There are relatively few individual investors, and most trading activity occurs off the exchange floor. In the first quarter inflation declined to an annual rate of 6.2%, allowing monetary policy to be eased: In May the discount rate was cut from 13.5% to 12.5%.

1989 Rank	Company/business	Revenue ($mil)	Net income ($mil)	Assets ($mil)	Market value ($mil)	Stock price ($)	EPS 1989 ($)	EPS 1990E ($)	Yield (%)	Employees (thou)
18	■**Fiat Group**/automobiles	38,044	2,412	40,492[1]	17,850	8.56	1.03	1.26	3.5	289.3
84	■**STET**/telecomm	12,920	988	37,430[1]	9,153	5.17	0.39E	0.49	3.1	116.2
89	**Ferruzzi Group**/multi-industry	12,076E	227	24,854	3,298	2.55	0.16	0.22	1.4	44.5
94	**Generali Group**/insurance	11,629E	473	28,390	18,663	35.21	0.78E	0.95	0.8	21.2
104	**EnimontSpA**/chemicals	11,185	522	14,153	5,040	1.19	0.12	0.11	5.8	52.7
202	**Pirelli SpA**/industrial comp	7,007	172	8,637[1]	2,334	2.38	0.23E	0.25	3.7	70.3
222	**Olivetti Group**/data processing	6,582	148	10,892	3,331	5.84	0.25	0.43	3.7	56.9
409	**Alitalia**/airlines	3,516	–161	3,009[1]	1,055	1.40	–0.23	0.01	0.0	27.5
422	**SME**/food, household	3,437	71	1,975[1]	1,501	3.44	0.16	0.18	2.6	20.0

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The 500 largest foreign companies

Japan

P/E 44 • Yield 1% • Market value $3,428 billion • Year to date price change –22%

And you think Wall Street is volatile! In December 1989 Japan's market capitalization reached $4.1 trillion, more than five times its value in December 1985, thanks in big part to the dollar's devaluation against the yen. Then, in the first quarter of 1990, Japanese equities lost $1.2 trillion. Since then it has recouped 10% of its loss, but the Nikkei average (as of June 25, 1990) is still off 20% from its Dec. 1989 peak. In 1989 Americans invested another $3 billion in Japan; other foreigners sold $13 billion.

1989 Rank	Company/business	Revenue ($mil)	Net income ($mil)	Assets ($mil)	Market value ($mil)	Stock price ($)	EPS 1989 ($)	EPS 1990E ($)	Yield (%)	Employees (thou)
1	**Sumitomo Corp**/trading	158,221	350	35,681	9,331	8.80	0.36	0.31	0.6	13.0
2	■**C Itoh & Co Ltd**/trading	147,016	246	48,156	8,904	6.25	0.17	0.19	0.5	10.0
3	●**Mitsui & Co Ltd**/trading	136,578	255	61,169	10,455	6.83	0.17	0.23	0.6	10.8
4	■**Marubeni Corp**/trading	131,419	235	51,889[1]	8,256	5.58	0.16	0.09	0.6	7.3[2]
5	■**Mitsubishi Corp**/trading	129,689	423	74,288	16,719	10.71	0.26	0.30	0.5	32.0
6	**Nissho Iwai Corp**/trading	108,118	129	28,077[1]	4,799	6.12	0.18	0.17	0.5	7.2
8	■**Toyota Motor Corp**/automobiles	61,052	2,634	49,639	50,477	16.55	0.87	0.85	0.8	91.8
9	●**Hitachi Ltd**/elec & electron	49,557	1,477	49,650	33,066	10.25	0.43	0.48	0.6	290.8
11	**Toyo Menka Kaisha**/trading	45,055[1]	47[1]	13,480[1]	3,690	5.52	0.09E	0.08	0.6	3.3
12	**Nichimen Corp**/trading	42,989	64	13,872[1]	2,237	5.29	0.15	0.16	0.6	2.8[2]
13	**Nippon Tel & Tel**/telecomm	42,166	1,917	72,655	118,881	762.05	12.29	9.69	0.4	283.3
14	●**Matsushita Electric**/appliances	42,030	1,652	49,944[1]	29,655	14.26	0.79	0.78	0.6	198.3
16	■**Nissan Motor Co Ltd**/automobiles	39,525	812	36,546	19,941	7.95	0.32	0.38	1.2	129.5
17	**Kanematsu Corp**/trading	39,219	61	11,144	1,312	6.35	0.30	0.29	0.8	2.7[2]
22	**Toshiba Corp**/elec & electron	29,757	924	32,960	22,926	7.23	0.29	0.29	0.8	125.0
23	■**Dai-Ichi Kangyo Bank**/banking	29,628	1,015	437,437	49,606	15.90	0.46	0.35	0.4	18.5[2]
25	**Tokyo Electric Power**[2]/utilities	28,636	518	77,645[1]	41,709	31.14	0.39	0.46	1.1	39.6
26	■**Sanwa Bank Ltd**/banking	27,587	1,134	388,980	45,632	15.77	0.39	0.37	0.4	13.6[2]
27	■**Mitsubishi Bank Ltd**/banking	27,019	998	354,290[1]	47,199	16.42	0.35	0.35	0.3	14.5[2]
28	●**Honda Motor Co Ltd**/automobiles	26,976	572	18,090	11,366	11.76	0.58	0.63	0.8	79.2
30	■**Sumitomo Bank Ltd**/banking	26,815[1]	1,620[1]	409,448[1]	55,854	17.74	0.47E	0.43	0.3	16.0[2]
35	●**NEC Corp**/elec & electron	24,113	597	23,435	20,465	13.47	0.39	0.36	0.4	114.6
44	■**Fuji Bank Ltd**/banking	22,353[1]	1,420[1]	367,187[1]	53,207	18.39	0.47E	0.36	0.3	15.0[2]
48	■**Mitsubishi Electric**/elec & electron	20,839	537	20,492[1]	13,960	6.54	0.25	0.23	0.9	85.7
49	**Nippon Steel Corp**/metals-steel	20,543[1]	609[1]	26,285[1]	28,193	4.09	0.12E	0.10	0.8	57.2[2]
51	●**Sony Corp**/appliances	20,163	720	27,800	18,797	56.63	2.17	2.26	0.6	95.6
55	■**Indl Bank of Japan**/banking	18,093[1]	653[1]	270,004[1]	67,661	28.77	0.30E	0.26	0.2	5.6[2]
56	■**Fujitsu Ltd**/data processing	17,852	607	18,902	17,406	9.66	0.34	0.39	0.6	115.0
57	**Mitsubishi Motors**/automobiles	17,043[1]	148[1]	11,337[1]	5,329	6.24	0.16E	0.15	0.6	37.9
60	**Mazda Motor Corp**/automobiles	16,804	164	9,960[1]	6,513	6.08	0.15	0.16	0.8	28.1[2]
62	**Mitsubishi Heavy**/machinery & eng	15,963	473	23,658[1]	23,509	7.03	0.14	0.19	0.7	56.2
64	■**Daiei Inc**/retailing	15,561	67	7,964[1]	5,641	14.58	0.17	0.19	0.7	16.4[2]
69	■**Mitsui Taiyo Kobe**[4]/banking	14,749[1]	608[1]	221,565[1]	49,840	15.11	0.29E	0.29	0.3	11.0[2]
70	**Kansai Electric** [2]/utilities	14,563	392	40,856[1]	24,821	25.62	0.41	0.39	1.3	24.7
73	■**Tokai Bank Ltd**/banking	14,290[1]	498[1]	240,083[1]	23,537	11.63	0.19	0.24	0.5	12.2[2]
74	■**Bank of Tokyo Ltd**/banking	14,246[1]	473[1]	199,962[1]	19,131	9.59	0.20E	NA	0.5	17.0
75	**Nippon Oil Co Ltd**/energy	14,226[1]	220[1]	13,465[1]	10,113	8.28	0.14E	0.12	0.5	9.7
81	**Toyota Tsusho Corp**/trading	13,359[1]	65[1]	5,427[1]	1,923	7.69	0.24E	0.21	0.6	1.8[2]
86	**Long-Term Credit Bk**/banking	12,762[1]	412[1]	184,688[1]	32,468	135.33	2.32E	1.94	0.4	3.5[2]
88	■**Bridgestone Corp**/industrial comp	12,242	70	11,436	8,073	10.51	0.09	0.17	0.8	93.2

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Sources: Morgan Stanley Capital International Perspective; Forbes.

Earnings estimates provided by the International Edition of Institutional Brokers Estimate System (IBES).

The 500 largest foreign companies

Japan

1989 Rank	Company/business	Revenue ($mil)	Net income ($mil)	Assets ($mil)	Market value ($mil)	Stock price ($)	EPS 1989 ($)	EPS 1990E ($)	Yield (%)	Employees (thou)
90	**Chubu Electric Power**[2]/utiiities	11,973	301	30,276[1]	17,929	24.31	0.41	0.38	1.4	20.5
92	●**Ito-Yokado Co Ltd**/retailing	11,810	415	6,091	11,342	27.79	1.01	1.02	0.5	30.7
93	■**Taisei Corp**/construction	11,788[1]	130[1]	14,820[1]	9,565	9.39	0.20E	0.21	0.6	12.2[2]
101	**Sumitomo Trust**/financial svcs	11,307[1]	617[1]	116,630[1]	17,558	14.12	0.45E	0.40	0.4	6.8[2]
106	**Kawasho Corp**[2]/trading	11,079[1]	13[1]	5,436[1]	831	6.90	0.19E	0.17	0.6	1.5
107	■**Kajima Corp**/construction	11,062	200	12,859	12,557	13.14	0.21	0.24	0.6	16.0[2]
108	■**Mitsubishi Trust**/financial svcs	10,956[1]	634[1]	124,195[1]	18,555	14.26	0.46E	0.40	0.4	6.3[2]
109	■**NKK Corp**/metals-steel	10,759[1]	715[1]	20,197[1]	16,201	4.60	0.10E	0.10	0.7	23.4[2]
111	**Cosmo Oil Co Ltd**/energy	10,712	67	8,044[1]	3,834	6.77	0.12	0.08	0.5	3.1[2]
112	**Mitsui Trust & Bank**/financial svcs	10,579[1]	530[1]	186,445[1]	12,985	10.84	0.38E	0.33	0.5	6.5[2]
120	**Showa Shell Sekiyu**/energy	10,235	59	5,675	2,386	8.74	0.22	0.15	0.5	2.4[2]
122	**Shimizu Corp**/construction	10,104[1]	122[1]	13,033[1]	11,238	14.32	0.23	0.29	0.4	10.7[2]
123	■**Sanyo Electric Co**/appliances	10,022	123	14,180	12,653	6.64	0.07	0.07	0.8	55.5
124	■**Isuzu Motors Ltd**/machinery & eng	9,911	123	7,256	6,909	6.83	0.12	0.09	0.5	13.4[2]
127	●**Canon Inc**/leisure-goods	9,792	278	11,405	8,457	11.50	0.38	0.43	0.7	44.4
130	**Kobe Steel Ltd**/metals-steel	9,745[1]	199[1]	15,040[1]	11,813	4.19	0.06E	0.07	0.8	21.7[2]
132	**Nippon Express Co**/trucking, RR	9,592	121	5,928[1]	8,512	7.95	0.11	0.10	0.4	50.3[2]
133	■**Jusco Co Ltd**/retailing	9,586	109	5,609	4,611	14.98	0.33	0.38	0.8	23.3
134	■**Sumitomo Metal Ind**/metals-steel	9,535[1]	452[1]	14,843[1]	12,486	4.14	0.12E	0.12	0.8	20.6[2]
136	■**Nippondenso Co**/industrial comp	9,444	351	9,028	12,446	15.11	0.49	0.43	0.6	49.4
137	■**Sharp Corp**/appliances	9,416	292	12,930	12,676	12.02	0.28	0.29	0.6	34.0
144	■**Kawasaki Steel Corp**/metals-steel	8,896[1]	378[1]	13,339[1]	13,350	4.11	0.13E	0.12	0.8	18.4[2]
153	■**Yasuda Trust & Bank**/financial svcs	8,610[1]	476[1]	80,598[1]	13,360	12.74	0.43E	0.36	0.4	5.6
155	■**Japan Air Lines**/airlines	8,514[1]	157[1]	9,216[1]	19,922	117.59	1.43E	1.46	0.3	21.2[2]
158	**Seiyu Ltd**/retailing	8,273	54	7,548[1]	2,758	14.91	0.29	0.29	0.7	11.6[2]
161	■**Asahi Chemical Inds**/chemicals	8,262	299	7,602[1]	8,532	6.28	0.22	0.17	0.7	22.9
162	■**Nomura Securities**/financial svcs	8,199[1]	1,966[1]	34,935[1]	32,564	16.62	1.06E	0.70	0.6	15.0
165	**Mitsubishi Kasei**[2]/chemicals	8,122E	175E	10,778[1]	7,460	5.30	0.12	0.10	0.7	8.9[2]
167	**Kyushu Electric** [2]/utilities	8,100[1]	279[1]	22,242[1]	9,780	20.89	0.43E	0.36	1.6	14.6
168	**Tohoku Electric**[2]/utilities	8,061[1]	257[1]	17,160[1]	10,618	21.35	0.46E	0.37	1.5	13.7
173	■**Asahi Glass Co Ltd**/misc materials	7,922	428	8,551	15,153	13.01	0.37	0.35	0.5	9.3[2]
174	■**Kumagai Gumi Co Ltd**/construction	7,912E	70E	14,111[1]	5,477	8.08	0.13	0.13	0.7	8.4[2]
175	**Nichii Co Ltd**/retailing	7,862	101	5,697	4,244	15.50	0.35	0.39	0.8	15.4
181	**Taiyo Fishery Co**/food, household	7,632E	13E	3,395[1]	1,449	4.83	0.08E	0.09	0.4	13.5
184	**Nippon Credit Bank**/banking	7,559[1]	297[1]	119,811[1]	19,207	111.02	1.91E	1.80	0.4	2.4
186	**Dai Nippon Printing**/services	7,492	287	7,210[1]	10,015	13.40	0.38	0.38	0.5	20.8
188	**Mitsui Real Estate**/real estate	7,422	284	18,978[1]	10,624	13.34	0.36	0.37	0.5	8.0
189	**Ohbayashi Corp**/construction	7,399	84	10,239	8,491	11.43	0.25E	0.25	0.4	11.3
190	**Toyo Trust & Bank**/financial svcs	7,392[1]	370[1]	125,296[1]	9,736	12.42	0.40E	0.36	0.4	5.3[2]
194	**Takashimaya Co Ltd**/retailing	7,308	116	4,244[1]	4,338	19.84	0.53	0.61	0.3	8.0[2]
197	**Snow Brand Milk Prod**/food, household	7,165[1]	52[1]	3,077[1]	2,090	7.42	0.21E	0.19	0.6	8.2[2]
198	■**Toppan Printing Co**/services	7,134[1]	226[1]	5,964[1]	7,763	12.09	0.39E	0.36	0.5	10.9[2]
200	■**Mitsukoshi**/retailing	7,081	51	2,821[1]	6,061	12.61	0.11	0.12	0.3	11.6[2]
203	■**Sumitomo Electric**/industrial comp	7,002	186	5,768[1]	7,395	10.51	0.26	0.29	0.5	13.8[2]
210	■**Fuji Photo Film**/leisure-goods	6,902	619	9,281	11,544	27.26	1.46	1.37	0.3	18.2

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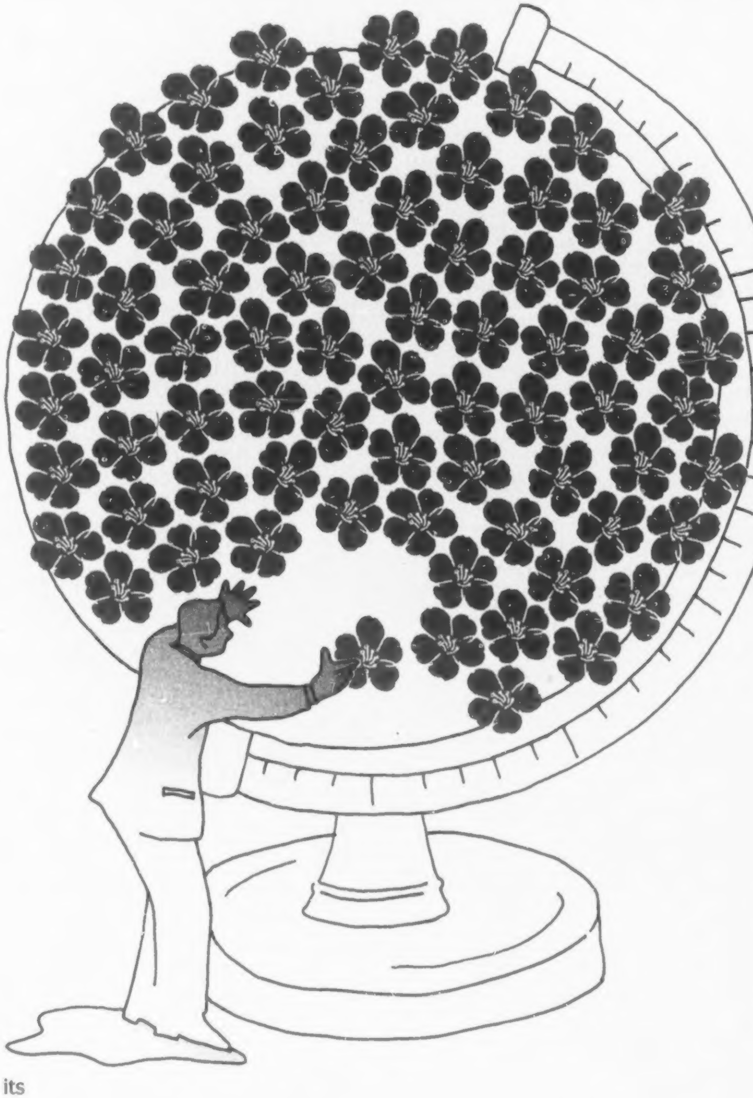

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The 500 largest foreign companies

Japan

P/E 44 • Yield 1% • Market value $3,428 billion • Year to date price change –22%

1989 Rank	Company/business	Revenue ($mil)	Net income ($mil)	Assets ($mil)	Market value ($mil)	Stock price ($)	EPS 1989 ($)	EPS 1990E ($)	Yield (%)	Employees (thou)
212	**Suzuki Motor Co Ltd**/automobiles	6,883	39	4,728[1]	2,414	5.91	0.10	0.16	0.8	13.3[2]
215	●**Tokio Marine & Fire**/insurance	6,839[1]	725[1]	58,126[1]	15,927	10.31	0.22E	0.20	0.5	11.0[2]
216	**Kawasaki Heavy**/machinery & eng	6,830[1]	91[1]	7,531[1]	8,832	6.64	0.08E	0.08	0.5	17.0[2]
217	**Sumitomo Chemical Co**/chemicals	6,821	254	7,516	7,617	4.70	0.16	0.14	0.8	12.5
219	**Nippon Mining Co Ltd**/energy	6,728[1]	107[1]	7,086[1]	6,112	6.90	0.09E	0.07	0.5	5.4[2]
226	■**Matsushita Elec Work**/elec & electron	6,545	233	6,009	8,258	13.66	0.39	0.38	0.6	15.2[2]
228	**Daiwa Bank Ltd**[2]/banking	6,530[1]	305[1]	162,915[1]	14,240	10.05	0.24E	0.20	0.5	8.7
233	■**Kyowa Bank Ltd**[2]/banking	6,407[1]	281[1]	105,112[1]	10,896	8.34	0.18	0.21	0.6	7.9
234	■**Sekisui House Ltd**/construction	6,389	260	7,095[1]	7,568	13.20	0.45	0.49	0.9	10.0[2]
236	■**Daiwa Securities Co**/financial svcs	6,371E	1,225E	38,983[1]	14,965	11.17	0.39	0.53	0.8	9.4
238	**Chugoku Electric**[2]/utilities	6,245[1]	242[1]	16,342[1]	7,636	21.02	0.44E	0.35	1.6	11.4
241	●**Komatsu Ltd**/machinery & eng	6,210	191	8,550[1]	7,940	8.01	0.19	0.21	0.7	21.6
242	■**Saitama Bank Ltd**[2]/banking	6,203[1]	226[1]	96,956[1]	9,565	9.46	0.26E	0.26	0.5	7.8
245	**Ishikawajima-Harima**/machinery & eng	6,128[1]	104[1]	8,598[1]	10,236	7.88	0.09E	0.09	0.3	15.4[2]
257	■**Toray Industries**/chemicals	5,910	283	7,324[1]	7,659	5.52	0.20	0.14	0.9	26.2
259	●**Ricoh Co Ltd**/data processing	5,846	111	5,290	4,773	7.42	0.17	0.23	0.9	37.0
260	**Yasuda Fire & Marine**[2]/insurance	5,799[1]	128[1]	21,166[1]	6,819	7.69	0.13	0.13	0.6	10.8
261	**Itoman & Co Ltd**/trading	5,775[1]	47[1]	9,110[1]	1,566	8.87	0.25E	0.24	0.5	1.4[2]
262	**Daimaru**/retailing	5,759	29	2,527[1]	2,571	9.53	0.11	0.10	0.3	7.2[2]
264	●**Kubota Ltd**/machinery & eng	5,748	53	6,303[1]	10,361	7.36	0.04	0.09	0.6	15.7[2]
265	**Kinki Nippon Railway**/trucking, RR	5,699[1]	120[1]	8,432[1]	10,994	7.23	0.09E	0.07	0.5	11.5[2]
266	**Tokyo Gas Co Ltd**/utilities	5,684[1]	315[1]	7,151[1]	15,154	5.39	0.08E	0.07	0.6	12.8[2]
269	**Dainippon Ink & Chem**/chemicals	5,622	57	5,626[1]	3,787	4.82	0.07	0.07	0.8	20.1
272	■**Furukawa Electric**/industrial comp	5,567[1]	91[1]	4,985[1]	4,181	6.40	0.15E	0.13	0.6	7.1[2]
275	**Mitsubishi Metal**/metals nonfer	5,525	106	5,539[1]	4,176	6.08	0.16	0.14	0.6	7.2[2]
281	**Hanwa Co Ltd**[2]/retailing	5,405	154	35,777[1]	9,638	25.56	0.41	0.42	0.3	1.2
283	**Fuji Electric Co Ltd**/elec & electron	5,384	97	5,445[1]	5,171	7.29	0.14	0.13	0.6	12.8[2]
284	**Daihatsu Motor Co**/automobiles	5,364	10	3,613[1]	2,286	5.37	0.10E	0.11	0.7	18.6
285	**Takeda Chemical Ind**/personal care	5,356[1]	303[1]	6,715[1]	10,088	11.56	0.37E	0.30	0.6	13.7
286	**Chori Co Ltd**/trading	5,355[1]	11[1]	3,043[1]	572	7.09	0.16E	0.14	0.5	1.5[2]
288	**Mitsubishi Oil Co**/energy	5,317[1]	68[1]	4,363[1]	2,902	8.41	0.17E	0.13	0.4	2.4[2]
289	**Toshoku Ltd**/trading	5,315	18	3,479	1,227	11.23	0.17	0.18	0.3	0.6[2]
292	**Toyo Seikan Kaisha**/misc materials	5,239[1]	182[1]	3,921[1]	4,252	25.29	1.21E	1.12	0.2	6.4[2]
298	**Hokkaido Takushoku**/banking	5,108	139	75,585	7,393	7.95	0.15	0.16	0.5	6.6[2]
300	■**Nippon Yusen Kaisha**/shipping	5,068[1]	23[1]	7,430[1]	7,340	6.41	0.04E	0.05	0.4	2.0[2]
301	■**All Nippon Airways**/airlines	5,059	106	6,503[1]	15,435	11.23	0.08	0.09	0.3	12.3[2]
304	**Sekisui Chemical**/bldg materials	4,904[1]	179[1]	4,286[1]	5,462	10.18	0.42E	0.40	0.5	5.4[2]
305	■**Hino Motors**[2]/machinery & eng	4,901	69	2,127[1]	2,632	7.36	0.19	0.17	0.5	8.3
315	**Tonen Corp**/energy	4,726	184	4,758	7,051	10.91	0.31	0.27	1.5	2.3
319	**Osaka Gas Co Ltd**/utilities	4,654[1]	260[1]	6,361[1]	11,785	4.67	0.07E	0.06	0.7	9.5[2]
322	■**Fuji Heavy Inds**/automobiles	4,630	–42	5,522[1]	2,604	4.47	–0.07	0.03	1.2	15.8[2]
324	**Nippon Meat Pack**/food, household	4,620[1]	90[1]	2,727[1]	2,487	12.09	0.48E	0.43	0.7	14.8
325	**Aisin Seiki Co Ltd**/industrial comp	4,600[1]	94[1]	3,101[1]	2,855	10.58	0.39E	0.36	0.7	9.8[2]
326	■**Kirin Brewery Co Ltd**/bev & tobacco	4,598	222	8,310	12,577	12.55	0.22	0.22	0.4	8.0[2]
327	■**Kanebo Ltd**/textile,apparel	4,594	9	4,787[1]	2,483	5.00	0.06E	0.06	0.7	8.1[2]

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The 500 largest foreign companies

Japan

1989 Rank	Company/business	Revenue ($mil)	Net income ($mil)	Assets ($mil)	Market value ($mil)	Stock price ($)	EPS 1989 ($)	EPS 1990E ($)	Yield (%)	Employees (thou)
331	**Ube Industries Ltd**/misc materials	4,506[1]	152[1]	6,342[1]	4,018	4.83	0.08E	0.07	0.7	7.3[2]
333	■**Oji Paper Co Ltd**/forest products	4,488	180	5,074[1]	4,750	7.82	0.30	0.27	0.7	5.5[2]
336	**Uny Co Ltd**/retailing	4,477	64	2,921[1]	2,556	14.19	0.36	0.39	0.8	14.0
342	■**Bank of Yokohama Ltd**[2]/banking	4,426[1]	158[1]	82,484[1]	9,208	8.67	0.17E	0.16	0.4	6.6
344	■**Daiwa House Ind**/construction	4,382	175	4,613	7,361	15.70	0.50	0.54	0.5	8.5
346	■**Kao Corp**/food, household	4,341	125	4,031[1]	5,506	10.77	0.24	0.27	0.5	6.5[2]
347	**Oki Electric**/elec & electron	4,335	119	4,416	4,111	6.90	0.23E	0.20	0.7	13.8[2]
349	■**Teijin Ltd**/chemicals	4,319[1]	159[1]	6,298[1]	4,960	5.14	0.19E	0.17	0.9	11.0
352	■**Fujita Corp**/construction	4,272[1]	66[1]	8,379[1]	4,854	10.84	0.18	0.19	0.5	5.5
358	**Toda Construction Co**[2]/construction	4,181	86	4,656	3,323	14.58	0.37	0.34	0.4	[illegible]
359	■**Nippon Suisan Kaisha**/food, household	4,155[1]	22[1]	2,316[1]	1,474	4.98	0.06E	0.05	0.7	3.5[2]
360	**Yamaha Motor Co Ltd**/leisure-goods	4,152	47	3,614[1]	1,845	8.01	0.20	0.19	0.5	7.4
361	**Showa Denko KK**/chemicals	4,117	54	4,456	5,521	5.32	0.05	0.10	0.7	5.1[2]
363	**Nippon Light Metal**/metals nonfer	4,116[1]	115[1]	3,562[1]	2,792	6.34	0.21E	0.17	0.5	4.3[2]
364	■**Marui**/retailing	4,115	194	4,440[1]	6,901	20.76	0.58	0.62	0.6	9.4[2]
371	**Shinsho Corp**[2]/trading	4,029[1]	3[1]	1,894[1]	635	8.08	0.09E	0.09	0.4	1.0
375	**Ajinomoto Co**/food, household	3,976[1]	123[1]	5,311[1]	9,015	13.93	0.21E	0.19	0.5	9.5
376	**Hazama Corp**/construction	3,954	37	4,036	3,248	10.12	0.12	0.16	0.5	4.9
380	**Nagase & Co Ltd**/trading	3,929[1]	53[1]	2,069[1]	1,309	8.67	0.36E	0.32	0.6	1.2[2]
381	■**Toyobo Co Ltd**/textile,apparel	3,922[1]	57[1]	3,724[1]	3,789	5.49	0.09E	0.08	0.6	8.2[2]
382	**Sumitomo Metal Minin**/metals nonfer	3,914[1]	105[1]	3,502[1]	5,352	10.71	0.25E	0.21	0.4	3.2[2]
385	**Jujo Paper Co Ltd**/forest products	3,890[1]	124[1]	4,332[1]	2,727	5.72	0.26E	0.18	0.8	4.5[2]
393	**Matsuzakaya**/retailing	3,789	67	1,620[1]	7,653	49.27	0.43	0.45	0.1	7.1[2]
397	**Daikyo**[2]/real estate	3,732	116	9,483[1]	3,998	21.74	0.63	0.78	0.7	2.4
399	**Mitsui Toatsu Chems**/chemicals	3,711[1]	126[1]	4,403[1]	3,781	4.99	0.19E	0.17	0.7	5.4[2]
400	**Haseko Corp**/construction	3,710	91	7,414[1]	3,737	8.74	0.21	0.24	0.8	2.6
401	■**Konica**/leisure-goods	3,695	16	3,880	3,657	10.25	0.09E	0.09	0.6	5.1[2]
404	●**Pioneer Electronic**/appliances	3,585	207	2,954	7,090	39.48	1.23	1.26	0.3	12.9
410	**Iwatani Intl Corp**/utilities	3,508[1]	20[1]	2,260[1]	1,724	7.29	0.10E	0.09	0.4	2.0[2]
411	**Yamaha Corp**/leisure-goods	3,494	43	3,439[1]	2,472	12.81	0.22	0.19	0.5	12.6[2]
413	**Tokyu Construction**/construction	3,487	24	3,980	1,724	8.87	0.13	0.10	0.6	6.3
416	**Mitsui OSK Lines Ltd**/shipping	3,485[1]	44[1]	5,638[1]	6,610	6.31	0.04E	0.05	0.4	1.7[2]
417	**Sumitomo Rubber**/industrial comp	3,472	48	3,116	1,591	10.25	0.34	0.31	0.5	4.9[2]
420	■**Nisshin Steel**/metals-steel	3,446[1]	244[1]	6,035[1]	6,576	6.47	0.26E	0.22	0.6	7.1[2]
421	**Sanyo-Kokusaku Pulp**/forest prods	3,446[1]	84[1]	3,209[1]	2,331	5.19	0.16E	0.12	0.9	7.7
426	**Toyota Automatic Loom**[2]/mach & eng	3,407[1]	101[1]	2,354[1]	5,631	20.04	0.44E	0.40	0.4	7.4
432	**Asahi Breweries Ltd**/bev & tobacco	3,363	28	8,206	5,049	12.68	0.09	0.19	0.3	6.9
433	**Isetan**/retailing	3,361E	58E	2,142[1]	5,615	25.62	0.25	0.27	0.3	5.6[2]
434	**Honshu Paper**/forest products	3,360[1]	30[1]	3,751[1]	5,599	16.55	0.09E	0.08	0.2	6.3[2]
436	**Hokkaido Electric** [2]/utilities	3,352[1]	179[1]	10,239[1]	4,624	21.48	0.48E	0.42	1.5	6.5
437	●**TDK**/electronic comp	3,347	162	3,768[1]	5,414	43.16	1.29	1.45	0.6	19.4
439	**Sankyo Co Ltd**/personal care	3,321[1]	110[1]	3,083[1]	6,083	17.01	0.32E	0.34	0.3	6.0[2]
445	**Nichirei**/food, household	3,274[1]	33[1]	1,746[1]	2,349	7.62	0.12E	0.11	0.5	2.5[2]
448	**General Sekiyu Group**/energy	3,257[1]	64[1]	2,259[1]	1,867	9.20	0.28E	0.10	0.0	1.4[2]
449	■**Taisho Marine & Fire**/insurance	3,255[1]	265[1]	26,323[1]	5,252	7.62	0.19E	0.17	0.6	6.9[2]

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							1989 ($)	1990E ($)		
451	**Nagasakiya**/retailing	3,250	32	2,430[1]	4,191	28.77	0.22	0.18	0.3	4.9[2]
452	**Daido Steel Co Ltd**/metals-steel	3,228[1]	58[1]	3,074[1]	2,721	6.39	0.17E	0.15	0.6	7.7[2]
453	**Tokyu Dept Stores**/retailing	3,213	42	2,285[1]	3,284	11.96	0.16	0.16	0.4	4.6[2]
454	■**Shiseido**/personal care	3,193	80	3,977[1]	4,426	15.64	0.28	0.35	0.5	3.0[2]
458	**Tobishima**/construction	3,181[1]	27[1]	5,544[1]	2,707	11.76	0.13E	0.11	0.4	4.3
464	**Meiji Milk Prods**/food, household	3,134[1]	24[1]	1,320[1]	1,681	5.99	0.08E	0.07	0.7	5.7[2]
469	■**Yamazaki Baking**/food, household	3,110	72	1,863	2,548	12.02	0.33	0.30	0.5	14.3[2]
473	■**Nagoya Railroad**/trucking, RR	3,087[1]	55[1]	8,011[1]	5,286	6.96	0.08E	0.07	0.4	8.5[2]
474	**Seibu Railway Co Ltd**/trucking, RR	3,087[1]	44[1]	4,898[1]	15,656	36.13	0.08E	0.08	0.1	5.3[2]
478	■**Onoda Cement**/bldg materials	3,072[1]	92[1]	3,892[1]	2,748	5.93	0.19E	0.17	0.6	1.4[2]
479	**Itoham Foods**/food, household	3,067E	44E	1,699[1]	1,789	7.88	0.20	0.21	0.9	6.6[2]
484	**Mitsubishi Petrochem**/chemicals	3,011E	189E	4,080[1]	3,942	8.01	0.40E	0.38	0.7	3.0[2]
485	**Kandenko Co Ltd**[2]/construction	3,011	64	2,236[1]	2,650	25.10	0.61	0.66	0.2	9.0
486	**Shin-Etsu Chemical**/chemicals	2,976	194	3,548[1]	3,565	11.10	0.60	0.25	0.4	3.4
487	**Misawa Homes Co Ltd**/construction	2,972	63	2,734[1]	1,941	17.01	0.55	0.52	0.5	1.4[2]
488	**Maeda Corp**[2]/construction	2,962	47	3,378	2,307	13.47	0.27	0.26	0.4	4.4
491	**Hattori Seiko Co Ltd**/leisure-goods	2,955	13	2,539[1]	3,503	33.18	0.13	0.12	0.2	8.0
492	●**Kyocera**/electronic comp	2,948	237	3,949[1]	9,533	52.10	1.29	1.45	0.6	12.4[2]
494	■**Alps Electric**/electronic comp	2,939[1]	43[1]	2,933[1]	2,588	14.58	0.28E	0.25	0.7	14.2
499	■**Omron Corp**/elec & electron	2,900[1]	121[1]	2,767[1]	3,943	17.21	0.74E	0.67	0.5	15.6

Netherlands

P/E 9 ● Yield 5% ● Market value $120 billion ● Year to date price change –3%

The Netherlands market sells at the lowest P/E in Europe and has the third-highest dividend yield, after Spain and the U.K. The three largest Dutch firms are international powerhouses well known to U.S. investors. But where are the bargain hunters? In dollar terms the Amsterdam market has underperformed most European stock exchanges so far this year. Mark Edwards, of Rowe Price-Fleming in London, partly blames Dutch laws protecting entrenched managements, which make hostile takeovers virtually impossible.

1989 Rank	Company/business	Revenue ($mil)	Net income ($mil)	Assets ($mil)	Market value ($mil)	Stock price ($)	EPS		Yield (%)	Employees (thou)
							1989 ($)	1990E ($)		
7	■**Royal Dutch/Shell**/energy	85,536	6,483	90,503	66,933[4]	76.40	7.54	7.33	5.2	135.0
21	●**Unilever**/food, household	31,256	1,532	20,720	22,081[5]	80.80	5.47	6.80	3.1	300.0
29	●**Philips Group**/appliances	26,972	646	28,708	4,992	18.05	2.34	1.83	5.8	304.8
119	**Nationale-Nederlanden**/insurance	10,264	459	48,494	5,658	38.36	3.11	3.76	4.1	25.2
146	■**Akzo Group**/chemicals	8,835	450	7,457	2,759	61.90	10.10	10.93	6.8	70.9
169	■**Ahold**/retailing	8,051	91	2,215	1,800	75.09	3.98	5.15	1.8	52.2
274	●**AEGON Insurance**/insurance	5,542	231	29,452	2,712	66.04	5.81	7.00	4.6	9.4
299	**NV DSM**/chemicals	5,079	488	5,061	2,159	61.49	13.90	13.28	6.8	29.5
317	**Schlumberger Ltd**/energy	4,686	420	5,482	13,873	58.37	1.77	2.37	0.0	46.0
340	**AMEV NV**/insurance	4,444	167	15,777	1,861	30.46	2.73	3.28	4.6	10.8
354	**Hoogovens Groep**/metals-steel	4,249	191	4,959	877	39.51	8.86	7.76	7.6	27.9
463	■**Heineken NV**/bev & tobacco	3,144	153	3,718	2,151	66.98	4.78	5.67	2.7	29.1
468	●**KLM**/airlines	3,113	75	4,900[1]	973	18.42	1.42	3.15	5.1	23.6[2]

●Sponsored ADR. ■Not sponsored. All figures except per-share items are in millions of U.S. dollars. General note: Revenue, net income and 1989 EPS are converted at an average rate of exchange for the fiscal year; assets are converted at fiscal year-end rate. Revenue figures are for group or consolidated operations and exclude excise taxes and duties. For companies with January, February or March fiscal year-ends, 1989 figures are used unless noted. Market value is as of May 31, 1990. [1] Figures are latest available. [2] Not fully consolidated. [4] Combined market value for Royal Dutch Petroleum and Shell Transport & Trading. Price, EPS, and yield are only for Royal Dutch Petroleum. [5] Combined market value of Unilever NV & Unilever Plc. Price, EPS and yield are only for Unilever NV. E: Estimate. NA: Not available.

Sources: Morgan Stanley Capital International Perspective; FORBES.
Earnings estimates provided by the International Edition of Institutional Brokers Estimate System (IBES).

The 500 largest foreign companies

Spain

P/E 12 • Yield 5% • Market value $117 billion • Year to date price change –4%

Inflation and resulting high interest rates have been persistent problems in Spain for the past few years, but Jose A. Cerezo, an analyst at Goldman, Sachs' London office, believes that Spain's inflation has peaked. The current inflation level is 6.8%. In hopes of cooling an overheated economy, the government is trying to limit spending. In local currency, Spain's equity market is down 2% from the end of 1989. But there is considerable optimism about Spain's economic future. Falling interest rates would fan that optimism.

1989 Rank	Company/business	Revenue ($mil)	Net income ($mil)	Assets ($mil)	Market value ($mil)	Stock price ($)	EPS 1989 ($)	EPS 1990E ($)	Yield (%)	Employees (thou)
129	●**Repsol SA**/energy	9,750	544	8,917	7,197	23.99	1.82	2.40	5.1	19.2
139	●**Banco Central Group**/banking	9,282	340	40,512	4,616	46.75	3.44	4.13	4.1	23.8
171	**Banco Bilbao-Vizcaya**/banking	7,988	815	69,987	7,012	30.36	3.36	4.83	4.6	30.9
251	●**Telefonica**/telecomm	6,006	582	24,854	7,215	7.80	0.63	0.77	6.7	71.3
321	●**ENDESA**/utilities	4,638	604	12,129[1]	5,855	22.52	2.32	3.00	4.2	15.8
350	●**Banco Santander**/banking	4,312	394	41,269	4,924	44.75	3.72	4.95	3.9	17.3
374	**Tabacalera**/bev & tobacco	4,004	NA	1,445[1]	1,321	35.87	2.63	3.41	2.7	8.5
390	**CEPSA**/energy	3,825	92	1,831	1,212	20.38	1.77	2.24	4.7	6.7
395	**Banco Hispano Amer**/banking	3,763	291	32,556	2,298	27.41	3.50	4.60	6.9	17.7

Sweden

P/E 14 • Yield 2% • Market value $126 billion • Year to date price change 5%

Sweden's small market (capitalization, just $126 billion) has been roiled by international partnerships. Asea, of Sweden, combined with Brown Boveri of Switzerland to form Asea Brown Boveri. Volvo has entered into a partnership with France's Renault Group. And General Motors has acquired a 50% interest in the automotive division of Saab-Scania. With trade barriers coming down, expect other well-known but relatively small Swedish companies to search out strong foreign partners.

1989 Rank	Company/business	Revenue ($mil)	Net income ($mil)	Assets ($mil)	Market value ($mil)	Stock price ($)	EPS 1989 ($)	EPS 1990E ($)	Yield (%)	Employees (thou)
76	●**Volvo Group**/automobiles	14,115	684	15,760	4,374	75.03	8.81	7.19	3.4	78.7
82	●**Electrolux Group**/appliances	13,169	400	10,164	2,892	39.80	5.50	4.94	5.1	152.9
205	**Saab-Scania**/machinery & eng	6,965	171	7,471	3,092	45.67	2.52	4.77	2.8	48.7
225	**Stora Group**/forest products	6,561	295E	8,877	3,199	53.01	5.09	5.81	3.7	53.3
231	**Skand Enskilda Bank**/banking	6,506	361	58,718	3,394	13.21	1.41	1.93	3.7	9.6
246	●**LM Ericsson**/elec & electron	6,127	337	6,560	8,247	201.27	8.20	10.85	1.1	69.2
280	**Svenska Handelsbanken**/banking	5,428	479E	44,218	2,627	19.08	2.99	3.10	3.5	6.7
295	**Nordbanken Group**/banking	5,140	349	50,117	2,439	14.19	2.03	2.20	3.4	5.1
323	**Skanska AB**/construction	4,623	213E	6,000	5,092	83.18	2.99	4.03	0.8	29.5
365	**Trelleborg AB**/industrial comp	4,108	360	4,786	1,779	28.22	5.52	4.41	3.5	26.4
386	●**SKF Group**/industrial comp	3,888	225	4,323	2,929	26.91	2.09	2.69	2.6	46.7
388	**SCA-Svenska Cellulosa**/forest products	3,862	288E	4,992	3,216	19.25	1.69	1.73	2.5	23.7
425	**Nobel Industrier**/aero & defense	3,426	146	4,567	1,439	15.98	1.57	1.73	4.1	22.0
455	**Procordia Group**/multi-industry	3,191	256E	3,125	2,716	24.63	2.30	2.64	1.7	27.8
495	**MoDo Group**/forest products	2,917	0	4,216	1,118	53.82	8.16	6.28	3.6	13.4
496	●**Sandvik AB**/metals-steel	2,916	357	3,625	2,644	48.61	6.57	6.44	2.5	26.9

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Sources: Morgan Stanley Capital International Perspective; Forbes.
Earnings estimates provided by the International Edition of Institutional Brokers Estimate System (IBES).

The 500 largest foreign companies

Switzerland

P/E 15 • Yield 2% • Market value $211 billion • Year to date price change 10%

Thanks to a relatively strong Swiss franc, Swiss stocks rose 8.4% in dollar terms for the five months through May of this year. There is reason for the currency to be strong. Switzerland's inflation rate dropped from a seven-year high of 5% in March, to an annual rate of 4.6% in April. And the number of Swiss workers rose 1.7% in the first quarter of 1990. Swiss stocks are not cheap: The least expensive share in this group is Swiss Bank Corp., at $226 per share. The most expensive is Sandoz Group, which sells for $8,141.

1989 Rank	Company/business	Revenue ($mil)	Net income ($mil)	Assets ($mil)	Market value ($mil)	Stock price ($)	EPS 1989 ($)	EPS 1990E ($)	Yield (%)	Employees (thou)
24	■**Nestlé**/food, household	29,341	1,473	22,897	22,666	6,306.78	400.38	517.92	2.2	196.9
50	**Asea Brown Boveri**/elec & electron	20,442	586	24,051	14,099[4]	4,245.28	129.28	283.30	1.0	189.5
87	**CIBA-GEIGY Group**/chemicals	12,597	952	16,870[3]	11,639	2,375.96	176.05	218.29	1.9	92.6
99	**Zurich Insurance**/insurance	11,406	218	37,059	5,444	3,319.36	237.57E	297.35	1.3	33.3
152	**Swiss Re Group**/insurance	8,626[1]	169[1]	23,464[1]	4,382	2,550.66	NA	NA	0.7	20.2
157	**Union Bank of Switz**/banking	8,292	551	113,870	11,650	2,501.75	124.70	254.53	3.8	21.2
166	**Swiss Bank Corp**/banking	8,119	458	105,076	7,321	226.42	13.07	27.42	4.3	18.3
178	**Winterthur Group**/insurance	7,732	159	24,361	3,809	2,858.14	201.66E	254.39	1.6	17.3
180	**Sandoz Group**/personal care	7,639	586	7,724	10,567	8,141.16	421.17	587.86	1.3	50.7
199	**CS Holding**/banking	7,115	479	88,926	7,115	1,715.58	126.53	218.88	4.5	17.5
253	**Roche Holding**/personal care	5,999	520	11,174	13,905	5,485.67	125.92	175.49	0.5	50.2
348	**Alusuisse-Lonza**/metals nonfer	4,331	284	3,925	1,838	943.40	136.31	140.22	2.2	25.5
368	**Jacobs Suchard Group**/food, household	4,077	168	3,134	2,929	4,944.10	275.68	364.89	3.0	16.0
384	**Sulzer Group**/machinery & eng	3,897	67	5,091	1,393	507.34	24.45	NA	1.5	33.9
398	**Adia Porteur**/services	3,723	123	787[1]	1,941	1,153.04	78.24	91.94	1.7	13.4
460	**Swissair Group**/airlines	3,174	103	4,328	1,405	751.22	51.50	57.51	3.7	19.3
493	**Bâloise Holding**/insurance	2,943	73	15,299	1,366	1,530.40	154.35	195.88	1.0	8.7
498	**Oerlikon-Bührle**/aero & defense	2,903	–25	5,514	1,046	744.23	–16.69	4.76	0.0	27.3

United Kingdom

P/E 12 • Yield 5% • Market value $838 billion • Year to date price change 1%

London's computerized International Stock Exchange trades more shares than any other in Europe. Its trading volume fell slightly in 1989 as the U.K. market was hurt by anxieties over the economy, international interest rates and political uncertainty. After reaching a new high on Jan. 3, 1990, the London market is holding only a 1.5% dollar-denominated gain this year. The U.K. Treasury seems to be moving to make Britain a full member of the European Monetary System; this could reduce the pound's volatility, a plus for London stocks.

1989 Rank	Company/business	Revenue ($mil)	Net income ($mil)	Assets ($mil)	Market value ($mil)	Stock price ($)	EPS 1989 ($)	EPS 1990E ($)	Yield (%)	Employees (thou)
10	•**British Petroleum Co**/energy	48,602	2,860	50,758	29,495	5.53	0.52	0.44	6.2	119.9
32	•**Barclays Plc**/banking	25,571	741	204,861	10,631	6.73	0.48	1.15	6.5	116.5
36	•**National Westminster**/banking	24,067	382	186,559	9,426	5.94	0.25	0.97	6.4	113.0
45	•**Imperial Chemical** /chemicals	21,595	1,525	18,096	13,997	20.18	2.21	2.11	6.1	133.8
52	•**British Telecom**/telecomm	19,913	2,440	31,455	29,099	4.81	0.40	0.54	5.5	247.9
54	■**B.A.T Industries Plc**/bev & tobacco	18,199	1,922	18,552	17,961	12.11	1.20	1.27	5.5	116.6
66	**Lloyds Bank Group**/banking	15,459	–961	92,380	6,109	4.86	–0.79	0.78	6.1	84.7
67	**British Aerospace**/aero & defense	14,897	382	14,732	2,327	9.06	1.36	1.27	5.6	127.5
68	**Midland Group**/banking	14,882	–359	100,311	3,715	4.76	–0.46	0.75	8.5	60.2
83	•**Prudential Corp Plc**/insurance	13,070	451	62,791	6,876	3.71	0.25	0.25	5.6	40.0
85	•**British Gas Plc**/utilities	12,908	1,497	19,308[1]	15,534	3.65	0.36	0.46	6.4	80.0
96	•**Grand Metropolitan**/multi-industry	11,552	859	15,553	10,501	10.33	0.95	1.08	4.0	137.4

•Sponsored ADR. ■Not sponsored. All figures except per-share items are in millions of U.S. dollars. General note: Revenue, net income and 1989 EPS are converted at an average rate of exchange for the fiscal year; assets are converted at fiscal year-end rate. Revenue figures are for group or consolidated operations and exclude excise taxes and duties. For companies with January, February or March fiscal year-ends, 1989 figures are used unless noted. Market value is as of May 31, 1990. [1] Figures are latest available. [2] Not fully consolidated. [3] Based on current cost accounting. [4] Combined market value for Asea AB and Brown Boveri. Price, EPS and yield are only for Brown Boveri. E: Estimate. NA: Not available. *Sources: Morgan Stanley Capital International Perspective; Forbes.*
Earnings estimates provided by the International Edition of Institutional Brokers Estimate System (IBES).

The 500 largest foreign companies

United Kingdom

1989 Rank	Company/business	Revenue ($mil)	Net income ($mil)	Assets ($mil)	Market value ($mil)	Stock price ($)	EPS 1989 ($)	EPS 1990E ($)	Yield (%)	Employees (thou)
97	●BTR Plc/multi-industry	11,519	1,022	9,705	12,525	7.21	0.59	0.67	4.7	109.5
103	■J Sainsbury Plc/retailing	11,206	507	5,511	7,431	4.90	0.34	0.35	2.8	65.3
115	■General Electric Co/elec & electron	10,400[1]	902[1]	9,484[1]	9,590	3.51	0.36E	0.38	5.2	145.0
141	●Marks & Spencer Plc/retailing	9,068	629	5,673	10,058	3.72	0.24	0.27	3.8	50.9
142	Royal Insurance/insurance	9,004	148	28,390	3,847	7.93	0.31	0.20	7.2	30.0
148	■Tesco Plc/retailing	8,775	413	4,101	6,046	3.88	0.26	0.27	2.5	54.3
150	●Hanson Plc/multi-industry	8,678	1,371	17,593	19,207	4.02	0.35	0.35	5.0	89.0
159	British Steel Corp/metals-steel	8,263	912	9,327[1]	4,813	2.41	0.45	0.37	7.2	55.2
163	Dalgety Plc/food, household	8,161	128	2,352	1,304	5.84	0.58	0.60	6.6	22.5
172	●RTZ Corporation Plc/metals nonfer	7,923	964	11,674	9,391	9.55	1.03	1.01	4.3	77.6
176	●British Airways Plc/airlines	7,823	396	6,353	2,506	3.45	0.55	0.50	5.7	52.1
185	●Peninsular & Oriental/shipping	7,507	430	7,989	4,284	10.45	1.02	1.22	6.3	64.0
191	●Saatchi & Saatchi/services	7,379	–62	1,754	257	1.61	–0.39	Nil	12.5	18.3
201	●SmithKline Beecham/personal care	7,011	780	6,016	11,529	9.02	0.61	0.69	2.1	62.8
214	●Allied-Lyons Plc/bev & tobacco	6,872[1]	575[1]	9,259[1]	5,990	7.97	0.82E	0.86	4.8	81.4
220	Argyll Group Plc/retailing	6,700	264	2,406[1]	3,733	3.96	0.27	0.33	3.7	64.0
224	Sun Alliance Group/insurance	6,572	353	24,229	4,194	5.30	0.44	0.17	5.3	15.1[2]
237	General Accident Fire/insurance	6,297	212	16,612	3,951	18.53	1.07	0.60	6.0	15.7[2]
240	BICC Plc Group/industrial comp	6,218	190	3,079	2,019	7.41	0.75	0.82	5.7	46.0
244	Commercial Union /insurance	6,156	151	25,303	3,450	8.09	0.36	0.19	6.0	20.9
248	■Lonrho Group/multi-industry	6,103	279	5,719	2,620	4.23	0.46	0.43	8.5	102.6
250	●Hillsdown Holdings/food, household	6,047	244	2,845	2,346	4.43	0.52	0.54	3.6	40.6
252	■Ladbroke Group Plc/leisure	6,000	339	7,500	4,497	5.26	0.39	0.47	4.2	51.0
254	Legal & General/insurance	5,980	154	28,032	3,176	6.61	0.33	0.33	5.4	6.9[2]
255	■Thorn Emi Plc/appliances	5,954	328	4,367[1]	3,816	12.28	1.15	1.25	5.1	60.2
263	Standard Chartered/banking	5,749	–57	3,075	1,882	8.04	–0.25	1.32	9.7	28.0
270	■Bass Plc/bev & tobacco	5,619	627	7,609	6,441	18.22	1.83	1.83	3.7	90.1
271	Tarmac Plc/bldg materials	5,591	382	5,160	3,124	4.34	0.52	0.48	5.8	32.1
277	Royal Bk of Scotland/banking	5,485	249	44,595	2,268	3.02	0.49	0.47	5.6	26.5
278	●Trafalgar House Plc/multi-industry	5,460	362	4,107	2,747	5.45	0.73	0.73	7.5	27.8
279	Guardian Royal Exch/insurance	5,437	159	20,371	3,447	4.03	0.18	0.18	6.4	15.0
287	■Tate & Lyle Group/food, household	5,339	191	3,174	1,643	5.22	0.54	0.52	5.3	18.5
307	Rolls-Royce Plc/aero & defense	4,857	315	4,163	3,653	3.75	0.34	0.40	4.2	55.5
308	Inchcape Plc/trading	4,837	163	2,346	1,646	4.65	0.46	0.52	5.3	45.2
310	■Boots Co Plc/retailing	4,784[1]	370[1]	3,769[1]	4,776	4.88	0.41	0.43	4.7	70.0
313	Asda Group Plc/retailing	4,753	295	3,135	2,112	1.81	0.17E	0.18	5.9	31.1
314	Kingfisher Plc/retailing	4,741	376	3,285	2,404	5.47	0.86	0.52	4.7	57.2
316	Pilkington Plc/misc materials	4,714	289	4,409[1]	2,533	3.44	0.40	0.44	6.3	58.4
318	●Cadbury Schweppes/food, household	4,662	266	3,415	4,144	5.72	0.41	0.44	4.2	35.0
320	■Great Universal/retailing	4,653[1]	469[1]	5,827[1]	4,330	17.27	1.88E	1.85	4.2	33.8
334	■Assoc British Foods/food, household	4,487	304	4,084	3,016	6.73	0.68	0.77	3.7	53.0
343	●Glaxo Holdings Plc/personal care	4,409	1,180	5,378	19,643	13.17	0.79	0.90	4.2	28.7
345	■BET Plc/multi-industry	4,366	359	2,693	3,296	4.18	0.47	0.50	6.4	118.1

●Sponsored ADR. ■Not sponsored. All figures except per-share items are in millions of U.S. dollars. General note: Revenue, net income and 1989 EPS are converted at an average rate of exchange for the fiscal year; assets are converted at fiscal year-end rate. Revenue figures are for group or consolidated operations and exclude excise taxes and duties. For companies with January, February or March fiscal year-ends, 1989 figures are used unless noted. Market value is as of May 31, 1990. [1]Figures are latest available. [2]Not fully consolidated. [3]Based on current cost accounting. E: Estimate. NA: Not available.

Sources: Morgan Stanley Capital International Perspective; Forbes.
Earnings estimates provided by the International Edition of Institutional Brokers Estimate System (IBES).

The 500 largest foreign companies

United Kingdom

1989 Rank	Company/business	Revenue ($mil)	Net income ($mil)	Assets ($mil)	Market value ($mil)	Stock price ($)	EPS 1989 ($)	EPS 1990E ($)	Yield (%)	Employees (thou)
351	**STC Group Plc**/elec & electron	4,275	289	2,888	2,526	4.50	0.52	0.54	5.5	36.3
355	**RMC Group Plc**/bldg materials	4,214	218	2,607	2,255	11.64	1.13	1.16	3.5	25.7
362	•**Booker Plc**/multi-industry	4,116	103	1,337	1,233	7.23	0.61	0.70	6.0	18.8
372	**Trusthouse Forte Plc**/leisure	4,024	331	6,154	3,652	4.66	0.42	0.46	4.6	92.9
378	■**Unigate Group**/food, household	3,945	117	1,610[1]	1,157	5.00	0.52	0.55	7.4	35.2
383	■**BOC Group Plc**/chemicals	3,905	387	4,507	4,365	9.36	0.84	0.89	4.2	37.9
391	**United Biscuits**/food, household	3,804	207	2,236	2,656	5.82	0.48	0.51	5.3	42.5
396	**Cable & Wireless**/telecomm	3,745	700	4,926[1]	9,791	9.14	0.45	0.60	2.0	29.4
406	**Lucas Industries**/industrial comp	3,566	244	2,984[2]	1,879	10.94	1.38	1.40	5.4	56.0
415	•**Guinness Plc**/bev & tobacco	3,486E	721	9,949	11,332	12.90	0.84	0.98	2.7	18.1
418	■**GKN Plc**/machinery & eng	3,467	210	2,829	1,670	6.49	0.82	0.79	6.9	36.7
424	■**Hawker Siddeley**/machinery & eng	3,432	202	3,187	2,196	11.12	1.03	1.16	5.0	41.6
427	■**Sears Plc**/retailing	3,405	272	4,359[1]	2,437	1.62	0.18	0.13	7.4	59.5
428	**George Wimpey Plc**/construction	3,394	143	2,849[1]	1,158	4.04	0.49	0.45	5.8	17.4
430	•**Beazer Plc**/construction	3,380	151	5,514	623	2.21	0.55	0.36	7.8	20.5
431	**Smith (WH) Group Plc**/retailing	3,367	98	1,245	1,143	5.80	0.49E	0.52	4.2	30.8
442	■**Whitbread & Co Plc**/bev & tobacco	3,283[1]	279[1]	5,515[1]	3,213	7.21	0.74E	0.82	4.6	54.2
443	**Lex Service Plc**/services	3,279	60	1,083	410	4.40	0.64	0.58	7.8	8.6
446	**AMEC**/construction	3,268	100	1,557	472	6.69	1.16	0.90	6.3	19.4
447	**Berisford Intl Plc**/trading	3,258	127	2,455	1,073	2.20	0.27	0.25	6.3	6.7
457	■**Racal Electronics**/aero & defense	3,185	189	2,868[1]	4,523	3.49	0.15	0.23	2.1	33.7
466	•**Coats Viyella Plc**/textile,apparel	3,122	132	2,892	1,074	2.05	0.25	0.24	9.8	63.6
472	•**Burton Group**/retailing	3,093	255	2,568	1,732	3.10	0.45	0.38	6.8	37.1
475	•**Dixons Group**/retailing	3,079	94	1,557	888	2.32	0.18E	0.17	4.7	18.5
476	■**Courtaulds Plc**[4]/chemicals	3,079	204	NA	2,244	5.69	0.52E	0.61	4.2	24.4
481	**Harrisons & Crosfield**/misc materials	3,053	150	1,790	1,845	2.70	0.26	0.28	6.9	29.0
483	**Ranks Hovis McDougall**/food, household	3,037	202	3,032	2,031	5.85	0.58	0.56	4.9	39.2

European

1989 Rank	Company/business	Revenue ($mil)	Net income ($mil)	Assets ($mil)	Market value ($mil)	Stock price ($)	EPS 1989 ($)	EPS 1990E ($)	Yield (%)	Employees (thou)
Austria										
407	**Creditanstalt**/banking	3,557	44	44,662	3,950	485.76	16.85	21.00	1.3	10.9
412	**OMV AG**/energy	3,492	128	3,544	1,759	879.40	56.90E	65.17	1.7	8.7
Finland										
213	**Kesko Group**/trading	6,882	110	3,459	1,151	12.75	1.22	1.54	3.7	7.7
290	•**Oy Nokia**/multi-industry	5,312	39	5,515	1,375	25.66	1.02	1.74	2.7	41.3
Norway										
131	•**Norsk Hydro**/energy	9,602	387	9,890	6,495	31.62	1.90	2.32	1.9	32.8

•Sponsored ADR. ■Not sponsored. All figures except per-share items are in millions of U.S. dollars. General note: Revenue, net income and 1989 EPS are converted at an average rate of exchange for the fiscal year; assets are converted at fiscal year-end rate. Revenue figures are for group or consolidated operations and exclude excise taxes and duties. For companies with January, February or March fiscal year-ends, 1989 figures are used unless noted. Market value is as of May 31, 1990. [1] Figures are latest available. [2] Not fully consolidated. [4] Pro forma excluding Courtaulds Textiles. E: Estimate. NA: Not available.

Sources: Morgan Stanley Capital International Perspective; Forbes.
Earnings estimates provided by the International Edition of Institutional Brokers Estimate System (IBES).

The 500 largest foreign companies

Far East

1989 Rank	Company/business	Revenue ($mil)	Net income ($mil)	Assets ($mil)	Market value ($mil)	Stock price ($)	EPS 1989 ($)	EPS 1990E ($)	Yield (%)	Employees (thou)
	Hong Kong									
408	■**Swire Pacific Ltd**/multi-industry	3,549	395	7,398	3,958	2.49	0.25	0.28	4.1	28.0
	Korea									
156	**Hyundai Corp**/trading	8,493	7	331	172	35.90	1.44	1.78	1.6	0.9
196	**Ssangyong Group**/multi-industry	7,207	173	11,574	3,665	34.91	1.59	5.17	3.1	20.9
235	**Bank of Seoul**/banking	6,372	90	51,224	2,103	17.52	0.87E	1.07	2.0	9.8
258	**Hyundai Motor Co**/automobiles	5,870	62	5,517	1,898	35.19	1.16	1.33	1.9	40.3
387	**Gold Star Co Ltd**/electronic comp	3,872	27	3,384	1,880	30.63	0.46	0.58	0.3	33.0
440	**Hyundai Eng & Const**/construction	3,313	103	4,609	1,689	40.46	2.47	0.77	0.8	56.0
	New Zealand									
229	•**Fletcher Challenge**/forest products	6,528	432	8,051	2,680	2.51	0.43	0.33	6.2	37.0
389	■**Brierley Investments**/multi-industry	3,860	165	5,031	1,977	1.03	0.12	0.13	5.9	33.0

South America

1989 Rank	Company/business	Revenue ($mil)	Net income ($mil)	Assets ($mil)	Market value ($mil)	Stock price ($)	EPS 1989 ($)	EPS 1990E ($)	Yield (%)	Employees (thou)
	Argentina									
204	**YPF-Yacimientos Pet**/energy	6,975	NA	12,164[3]	NA	NA	NA	NA	0.0	37.0
	Brazil[4]									
40	**Banco do Brasil/banking**	23,120	97[3]	82,694[3]	598	172.02	33.52	NA	0.8	134.3
71	**Banco Bradesco SA/banking**	14,491	354[3]	19,454[3]	230	13.72	21.26	NA	10.2	128.8
125	**Banco Itaú Group/banking**	9,812	248[3]	13,667[3]	259	47.48	45.19	NA	5.5	74.5
128	**BANESPA Group/banking**	9,765	219[3]	13,218[3]	41	3.49	NA	NA	10.7	37.9
366	**Unibanco Group/banking**	4,103	73[3]	5,779[3]	103	105.38	61.46	NA	7.8	28.7
423	**Petrobrás/energy**	3,434	160[3]	13,535[1,3]	2,225	2,103.92	NA	NA	0.0	59.3

Africa

1989 Rank	Company/business	Revenue ($mil)	Net income ($mil)	Assets ($mil)	Market value ($mil)	Stock price ($)	EPS 1989 ($)	EPS 1990E ($)	Yield (%)	Employees (thou)
	South Africa									
126	■**Barlow Rand Group**/multi-industry	9,800	358	5,935	2,676	14.46	2.13	1.79	4.4	159.8
332	■**So African Breweries**/bevs & tobacco	4,492	231	3,156	4,043	15.08	0.85	0.98	2.5	91.0

•Sponsored ADR. ■ Not sponsored. All figures except per-share items are in millions of U.S. dollars. General note: Revenue, net income and 1989 EPS are converted at an average rate of exchange for the fiscal year; assets are converted at fiscal year-end rate. Revenue figures are for group or consolidated operations and exclude excise taxes and duties. For companies with January, February or March fiscal year-ends, 1989 figures are used unless noted. Market value is as of May 31, 1990. [1]Figures are latest available. [3]Based on current cost accounting. [4]Revenue, net income, assets and 1989 EPS are converted at Dec. 31, 1989 rate. Stock price and EPS are per 1,000 shares. E: Estimate. NA: Not available.

Sources: Morgan Stanley Capital International Perspective; Forbes.
Earnings estimates provided by the International Edition of Institutional Brokers Estimate System (IBES).

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Company/country	Rank	Page
Accor SA/France	467	326
Adia Porteur/Switzerland	398	340
AEGON Insurance Group/Netherlands	274	336
AGF-Assurances Générales de France/France	218	323
Ahold/Netherlands	169	336
Air Canada/Canada	471	323
Aisin Seiki Co Ltd/Japan	325	332
Ajinomoto Co/Japan	375	334
Akzo Group/Netherlands	146	336
Alcan Aluminium Ltd/Canada	145	322
Alitalia/Italy	409	328
All Nippon Airways Co Ltd/Japan	301	332
Allianz Worldwide/Germany	58	326
Allied-Lyons Plc/UK	214	341
Alps Electric/Japan	494	336
Alusuisse-Lonza Holding Ltd/Switzerland	348	340
AMEC/UK	446	342
AMEV NV/Netherlands	340	336
Arbed SA/Belgium	268	322
Argyll Group Plc/UK	220	341
Asahi Breweries Ltd/Japan	432	334
Asahi Chemical Industry Co Ltd/Japan	161	330
Asahi Glass Co Ltd/Japan	173	330
Asda Group Plc/UK	313	341
Asea Brown Boveri Group/Switzerland	50	340
Asko Deutsche Kaufhaus AG/Germany	303	328
Associated British Foods Plc/UK	334	341
Australia & New Zealand Banking Group/Australia	170	320
Baloise Holding Group/Switzerland	493	340
Banco Bilbao-Vizcaya SA/Spain	171	338
Banco Bradesco SA/Brazil	71	344
Banco Central Group/Spain	139	338
Banco do Brasil/Brazil	40	344
Banco Hispano Americano Grupo/Spain	395	338
Banco Itaú Group/Brazil	125	344
Banco Santander Group/Spain	350	338
BANESPA Group/Brazil	128	344
Bank Bruxelles Lambert/Belgium	294	322
Bank of Montreal/Canada	143	322
Bank of Nova Scotia/Canada	195	322
Bank of Seoul/Korea	235	344
Bank of Tokyo Ltd/Japan	74	329
Bank of Yokohama Ltd/Japan	342	334
Banque Nationale de Paris Group/France	46	323
Barclays Plc/UK	32	340
Barlow Rand Group/South Africa	126	344
BASF Group/Germany	33	326
Bass Plc/UK	270	341
Bayer Group/Germany	41	326
Bayerische Hypotheken-und Wechsel-Bank/Germany	256	328

Company/country	Rank	Page
Bayerische Vereinsbank Group/Germany	227	328
BCE Inc/Canada	78	322
Beazer Plc/UK	430	342
Berisford International Plc/UK	447	342
BET Plc/UK	345	341
BICC Plc Group/UK	240	341
BMW-Bayerische Motoren Werke/Germany	77	326
BOC Group Plc/UK	83	342
Bond Corp Holdings Ltd/Australia	09	320
Booker Plc/UK	362	342
Boots Co Plc/UK	310	341
Boral Ltd/Australia	490	320
Bouygues Group/France	193	323
Bridgestone Corp/Japan	88	329
Brierley Investments Ltd/New Zealand	389	344
British Aerospace Plc/UK	67	340
British Airways Plc/UK	176	341
British Gas Plc/UK	85	340
British Petroleum Co Plc/UK	10	340
British Steel Corp/UK	159	341
British Telecommunications Plc/UK	52	340
Broken Hill Proprietary Co Ltd/Australia	154	320
BSN-Groupe/France	182	323
BTR Plc/UK	97	341
Groupe Bull/France	296	323
Burton Group/UK	472	342
B.A.T Industries Plc/UK	54	340
Cable & Wireless Plc/UK	396	342
Cadbury Schweppes Plc/UK	318	341
Campeau Corp/Canada	114	322
Canadian Imperial Bank of Commerce/Canada	135	322
Canadian Pacific Ltd/Canada	138	322
Canon Inc/Japan	127	330
Carrefour Group/France	95	323
Casino Groupe/France	276	323
CEPSA-Cia Española de Petróleos/Spain	390	338
CFAO-Cie Française de l'Afrique/France	306	323
Chargeurs SA/France	482	326
Chori Co Ltd/Japan	286	332
Chubu Electric Power/Japan	90	330
Chugoku Electric Power Co/Japan	238	332
CIBA-GEIGY Group/Switzerland	87	340
CMB Packaging/France	438	326
Co op AG/Germany	223	328
Coats Viyella Plc/UK	466	342
Cockerill Sambre SA/Belgium	311	322
Coles Myer Ltd/Australia	100	320
Commercial Union Assurance Co Plc/UK	244	341
Commerzbank/Germany	160	328
Continental Group/Germany	338	328

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Company/country	Rank	Page
Cosmo Oil Co Ltd/Japan	111	330
Courtaulds Plc/UK	476	342
CRA Limited/Australia	379	320
Crédit Commercial de France Group/France	239	323
Crédit Foncier de France/France	309	323
Crédit Lyonnais Group/France	37	323
Creditanstalt Banking Group/Austria	407	342
Crownx/Canada	465	323
CS Holding/Switzerland	199	340
CSR Group/Australia	414	320
Dai Nippon Printing Co Ltd/Japan	186	330
Daido Steel Co Ltd/Japan	452	336
Daiei Inc/Japan	64	329
Daihatsu Motor Co Ltd/Japan	284	332
Daikyo/Japan	397	334
Daimaru/Japan	262	332
Daimler-Benz Group/Germany	15	326
Dainippon Ink & Chemicals/Japan	269	332
Daiwa Bank Ltd/Japan	228	332
Daiwa House Industry Co Ltd/Japan	344	334
Daiwa Securities Co Ltd/Japan	236	332
Dai-Ichi Kangyo Bank Ltd/Japan	23	329
Dalgety Plc/UK	163	341
Degussa AG/Germany	179	328
Delhaize "Le Lion" Group/Belgium	221	322
Deutsche Bank Group/Germany	63	326
Deutsche Lufthansa AG/Germany	206	328
Dixons Group/UK	475	342
Docks de France/France	394	326
Dofasco/Canada	441	323
Dresdner Bank/Germany	118	328
NV DSM/Netherlands	299	336
Dumez Group/France	335	326
Elders IXL Ltd/Australia	117	320
Electrolux Group/Sweden	82	338
Elf Aquitaine Group/France	39	323
ENDESA/Spain	321	338
Enimont SpA/Italy	104	328
Telefonaktiebolaget LM Ericsson/Sweden	245	338
Euromarché SA/France	392	326
Feldmühle Nobel Group/Germany	302	328
Ferruzzi Group/Italy	89	328
Fiat Group/Italy	18	328
Fletcher Challenge Ltd/New Zealand	229	344
Fuji Bank Ltd/Japan	44	329
Fuji Electric Co Ltd/Japan	283	332
Fuji Heavy Industries Ltd/Japan	322	332
Fuji Photo Film Co Ltd/Japan	210	330
Fujita Corp/Japan	352	334
Fujitsu Ltd/Japan	56	329
Furukawa Electric Co Ltd/Japan	272	332
GAN-Groupe des Assurances Nationales/France	80	323
General Accident Fire & Life Assurance/UK	237	341
General Electric Co Plc/UK	115	341
General Sekiyu Group/Japan	448	334
Générale Bank Group/Belgium	192	322
Générale des Eaux Groupe/France	65	323
Cie Générale d'Electricité/France	42	323
Generali Group/Italy	94	328
George Weston Ltd/Canada	147	322
GIB Group/Belgium	282	322
GKN Plc/UK	418	342
Glaxo Holdings Plc/UK	343	341
Gold Star Co Ltd/Korea	387	344
Grand Metropolitan Plc/UK	96	340
Great Universal Stores Plc/UK	320	341
Great-West Lifeco/Canada	337	322
GTM-Entrepose/France	435	326
Guardian Royal Exchange Plc/UK	279	341
Guinness Plc/UK	415	342
Hachette SA/France	329	326
Hanson Plc/UK	150	341
Hanwa Co Ltd/Japan	281	332
Harrisons & Crosfield Plc/UK	481	342
Haseko Corp/Japan	400	334
Hattori Seiko Co Ltd/Japan	491	336
HAVAS Group/France	489	326
Hawker Siddeley Group Plc/UK	424	342
Hazama Corp/Japan	376	334
Heineken NV/Netherlands	463	336
Henkel Group/Germany	243	328
Hillsdown Holdings Plc/UK	250	341
Hino Motors Ltd/Japan	305	332
Hitachi Ltd/Japan	9	329
Hochtief AG/Germany	497	328
Hoechst Group/Germany	34	326
Hoesch Group/Germany	267	328
Hokkaido Electric Power/Japan	436	334
Hokkaido Takushoku Bank Ltd/Japan	298	332
Philipp Holzmann AG/Germany	356	328
Honda Motor Co Ltd/Japan	28	329
Honshu Paper Co Ltd/Japan	434	334
Hoogovens Groep/Netherlands	354	336
Hudson's Bay Co/Canada	370	322
Hyundai Corp/Korea	156	344
Hyundai Engineering & Construction Co/Korea	440	344
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Industrial Bank of Japan Ltd/Japan	55	329
Industrial Equity Ltd/Australia	249	320
Isetan Co Ltd/Japan	433	334
Ishikawajima-Harima Heavy Industries Co/Japan	245	332
Isuzu Motors Ltd/Japan	124	330
C Itoh & Co Ltd/Japan	2	329
Itoham Foods/Japan	479	336
Itoman & Co Ltd/Japan	261	332
Ito-Yokado Co Ltd/Japan	92	330
Iwatani International Corp/Japan	410	334
Jacobs Suchard Group/Switzerland	368	340
Japan Air Lines Co Ltd/Japan	155	330
Jujo Paper Co Ltd/Japan	385	334
Jusco Co Ltd/Japan	133	330
Kajima Corp/Japan	107	330
Kandenko Co Ltd/Japan	485	336
Kanebo Ltd/Japan	327	332
Kanematsu Corp/Japan	17	329
Kansai Electric Power Co/Japan	70	329
Kao Corp/Japan	346	334
Karstadt Group/Germany	211	328
Kaufhof Group/Germany	208	328
Kawasaki Heavy Industries Ltd/Japan	216	332
Kawasaki Steel Corp/Japan	144	330
Kawasho Corp/Japan	106	330
Kesko Group/Finland	213	342
Kingfisher Plc/UK	314	341
Kinki Nippon Railway Co Ltd/Japan	265	332
Kirin Brewery Co Ltd/Japan	326	332
KLM Royal Dutch Airlines/Netherlands	468	336
Kobe Steel Ltd/Japan	130	330
Komatsu Ltd/Japan	241	332
Konica/Japan	401	334
Kredietbank NV/Belgium	328	322
Kubota Ltd/Japan	264	332
Kumagai Gumi Co Ltd/Japan	174	330
Kyocera Corp/Japan	492	336
Kyowa Bank Ltd/Japan	233	332
Kyushu Electric Power/Japan	167	330
L'Aire Liquide Group/France	341	326
L'Oréal Group/France	353	326
John Labatt/Canada	373	322
Ladbroke Group Plc/UK	252	341
Lafarge Coppée/France	312	323
Legal & General Group/UK	254	341
Lex Service Plc/UK	443	342
Linde AG/Germany	500	328
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Lucas Industries Plc/UK	406	342
LVMH/France	477	326
Lyonnaise des Eaux Group/France	429	326
M A N Group/Germany	140	328
Maeda Corp/Japan	488	336
Mannesmann Group/Germany	91	326
Marks & Spencer Plc/UK	141	341
Marubeni Corp/Japan	4	329
Marui/Japan	364	334
MATRA/France	419	326
Matsushita Electric Industrial Co/Japan	14	329
Matsushita Electric Works/Japan	226	332
Matsuzakaya Co Ltd/Japan	393	334
Mazda Motor Corp/Japan	60	329
Meiji Milk Products Co Ltd/Japan	464	336
Metallgesellschaft AG/Germany	110	326
Michelin Group/France	151	323
Midland Group/UK	68	340
Misawa Homes Co Ltd/Japan	487	336
Mitsubishi Bank Ltd/Japan	27	329
Mitsubishi Corp/Japan	5	329
Mitsubishi Electric Corp/Japan	48	329
Mitsubishi Heavy Industries Ltd/Japan	62	329
Mitsubishi Kasei Corp/Japan	165	330
Mitsubishi Metal Corp/Japan	275	332
Mitsubishi Motors Corp/Japan	57	329
Mitsubishi Oil Co Ltd/Japan	288	332
Mitsubishi Petrochemical Co Ltd/Japan	484	336
Mitsubishi Trust & Banking Corp/Japan	108	330
Mitsui OSK Lines Ltd/Japan	416	334
Mitsui Real Estate Development Co Ltd/Japan	188	330
Mitsui Taiyo Kobe Bank Ltd/Japan	69	329
Mitsui Toatsu Chemicals/Japan	399	334
Mitsui Trust & Banking Co Ltd/Japan	112	330
Mitsui & Co Ltd/Japan	3	329
Mitsukoshi Ltd/Japan	200	330
MoDo Group/Sweden	495	338
Münchener Rückversicherungs/Germany	207	328
Nagasakiya Co Ltd/Japan	451	336
Nagase & Co Ltd/Japan	380	334
Nagoya Railroad Co Ltd/Japan	473	336
National Australia Bank Group/Australia	187	320
National Bank of Canada/Canada	461	323
National Westminster Bank Plc/UK	36	340
Nationale-Nederlanden/Netherlands	119	336
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Nestlé/Switzerland	24	340
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Nippon Credit Bank Ltd/Japan	184	330
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Nippon Light Metal Co Ltd/Japan	363	334
Nippon Meat Packers/Japan	324	332
Nippon Mining Co Ltd/Japan	219	332
Nippon Oil Co Ltd/Japan	75	329
Nippon Steel Corp/Japan	49	329
Nippon Suisan Kaisha Ltd/Japan	359	334
Nippon Telegraph & Telephone Corp/Japan	13	329
Nippon Yusen KK/Japan	300	332
Nippondenso Co Ltd/Japan	136	330
Nissan Motor Co Ltd/Japan	16	329
Nisshin Steel Co Ltd/Japan	420	334
Nissho Iwai Corp/Japan	6	329
NKK Corp/Japan	109	330
Nobel Industrier AB/Sweden	425	338
Nokia/Finland	290	342
Nomura Securities Co Ltd/Japan	162	330
Noranda/Canada	177	322
Nordbanken Group/Sweden	295	338
Norsk Hydro a s/Norway	131	342
Nova Corp of Alberta/Canada	367	322
OCP-Office Commercial Pharmaceutique/France	403	326
Oerlikon-Bührle Group/Switzerland	498	340
Ohbayashi Corp/Japan	189	330
Oji Paper Co Ltd/Japan	333	334
Oki Electric Industry Co Ltd/Japan	347	334
Olivetti Group/Italy	222	328
Omron Corp/Japan	499	336
OMV AG/Austria	412	342
Onoda Cement Co Ltd/Japan	478	336
Osaka Gas Co Ltd/Japan	319	332
Oshawa Group Ltd/Canada	357	322
Pacific Dunlop Ltd/Australia	402	320
Paribas Group/France	72	323
Pechiney Group/France	79	323
Peninsular & Oriental Steam Navigation/UK	185	341
Petrobrás-Petróleo Brasileiro SA/Brazil	423	344
Petrofina SA/Belgium	102	322
Peugeot Groupe SA/France	38	323
Philips Group/Netherlands	29	336
Pilkington Plc/UK	316	341
Pioneer Electronic Corp/Japan	404	334
Pioneer International Group/Australia	462	320
Pirelli SpA/Italy	202	328
Preussag Group/Germany	149	328
Groupe Printemps/France	339	326

Company/country	Rank	Page
Procordia Group/Sweden	455	338
Promodès Group/France	164	323
Provigo Inc/Canada	293	322
Prudential Corp Plc/UK	83	340
Racal Electronics/UK	457	342
Ranks Hovis McDougall Plc/UK	483	342
Repsol SA/Spain	129	338
Rhône-Poulenc Group/France	98	323
Ricoh Co Ltd/Japan	259	332
RMC Group Plc/UK	355	342
Roche Holding/Switzerland	253	340
Rolls-Royce Plc/UK	307	341
Royal Bank of Canada/Canada	105	322
Royal Bank of Scotland Group Plc/UK	277	341
Royal Dutch/Shell Group/Netherlands	7	336
Royal Insurance Holdings Plc/UK	142	341
Royal Trustco Ltd/Canada	459	323
RTZ Corporation Plc/UK	172	341
RWE Group/Germany	47	326
Saab-Scania Group/Sweden	205	338
Saatchi & Saatchi Plc/UK	191	341
SAE-Société Auxiliaire d'Entreprises/France	369	326
J Sainsbury Plc/UK	103	341
Saint-Gobain Group/France	116	323
Saitama Bank Ltd/Japan	242	332
Sandoz Group/Switzerland	180	340
Sandvik AB/Sweden	496	338
Sankyo Co Ltd/Japan	439	334
Sanwa Bank Ltd/Japan	26	329
Sanyo Electric Co Ltd/Japan	123	330
Sanyo-Kokusaku Pulp Co/Japan	421	334
Schering Group/Germany	470	328
Schlumberger Ltd/Netherlands Antilles	317	336
Schneider SA/France	183	323
Seagram Co Ltd/Canada	330	322
Sears Plc/UK	427	342
Seibu Railway Co Ltd/Japan	474	336
Seiyu Ltd/Japan	158	330
Sekisui Chemical Ltd/Japan	304	332
Sekisui House Ltd/Japan	234	332
Sharp Corp/Japan	137	330
Shimizu Corp/Japan	122	330
Shinsho Corp/Japan	371	334
Shin-Etsu Chemical/Japan	486	336
Shiseido Co Ltd/Japan	454	336
Showa Denko KK/Japan	361	334
Showa Shell Sekiyu KK/Japan	120	330
Siemens Group/Germany	20	326
Skandinaviska Enskilda Bank Group/Sweden	231	338
Skanska AB/Sweden	323	338

Where to find the Forbes foreign 500

Company/country	Rank	Page
SKF Group/Sweden	386	338
SME-Soc Meridionale Finanziaria/Italy	422	328
Smith (WH) Group Plc/UK	431	342
SmithKline Beecham Plc/UK	201	341
Snow Brand Milk Products Co Ltd/Japan	197	330
Société Générale Group/France	61	323
Solvay Group/Belgium	230	322
Sony Corp/Japan	51	329
South African Breweries Ltd/South Africa	332	344
Ssangyong Group/Korea	196	344
Standard Chartered Group/UK	263	341
STC Group Plc/UK	351	342
STET Group/Italy	84	328
Stora Group/Sweden	225	338
Suez Group/France	43	323
Sulzer Group/Switzerland	384	340
Sumitomo Bank Ltd/Japan	30	329
Sumitomo Chemical Co Ltd/Japan	217	332
Sumitomo Corp/Japan	1	329
Sumitomo Electric Industries Ltd/Japan	203	330
Sumitomo Metal Industries Ltd/Japan	134	330
Sumitomo Metal Mining Co Ltd/Japan	382	334
Sumitomo Rubber Industries/Japan	417	334
Sumitomo Trust & Banking Co Ltd/Japan	101	330
Sun Alliance Group Plc/UK	224	341
Suzuki Motor Co Ltd/Japan	212	332
SCA-Svenska Cellulosa AB/Sweden	388	338
Svenska Handelsbanken/Sweden	280	338
Swire Pacific Ltd/Hong Kong	408	344
Swiss Bank Corp/Switzerland	166	340
Swiss Re Group/Switzerland	152	340
Swissair Group/Switzerland	460	340
Tabacalera/Spain	374	338
Taisei Corp/Japan	93	330
Taisho Marine & Fire Insurance Co Ltd/Japan	449	334
Taiyo Fishery Co Ltd/Japan	181	330
Takashimaya Co Ltd/Japan	194	330
Takeda Chemical Industries Ltd/Japan	285	332
Tarmac Plc/UK	271	341
Tate & Lyle Group/UK	287	341
TDK/Japan	437	334
Teijin Ltd/Japan	349	334
Telefónica/Spain	251	338
Tesco Plc/UK	148	341
Thomson Corp/Canada	297	322
Thomson CSF SA/France	291	323
Thorn EMI Plc/UK	255	341
Thyssen Group/Germany	53	326
TNT Ltd/Australia	456	320
Tobishima/Japan	458	336

Company/country	Rank	Page
Toda Construction Co Ltd/Japan	358	334
Tohoku Electric Power Co/Japan	168	330
Tokai Bank Ltd/Japan	73	329
Tokio Marine & Fire Insurance Co Ltd/Japan	215	332
Tokyo Electric Power Co/Japan	25	329
Tokyo Gas Co Ltd/Japan	266	332
Tokyu Construction Co Ltd/Japan	413	334
Tokyu Department Stores/Japan	453	336
Tonen Corp/Japan	315	332
Toppan Printing Co Ltd/Japan	198	330
Toray Industries/Japan	257	332
Toronto-Dominion Bank/Canada	247	322
Toshiba Corp/Japan	22	329
Toshoku Ltd/Japan	289	332
TOTAL Group-Française des Pétroles/France	59	323
Toyo Menka Kaisha Ltd/Japan	11	329
Toyo Seikan Kaisha Ltd/Japan	292	332
Toyo Trust & Banking Co Ltd/Japan	190	330
Toyobo Co Ltd/Japan	381	334
Toyota Automatic Loom Works Ltd/Japan	426	334
Toyota Motor Corp/Japan	8	329
Toyota Tsusho Corp/Japan	81	329
Trafalgar House Plc/UK	278	341
Trelleborg AB/Sweden	365	338
Trusthouse Forte Plc/UK	372	342
UAP-Union des Assurances de Paris/France	121	323
Ube Industries Ltd/Japan	331	334
Unibanco Group/Brazil	366	344
Unigate Group/UK	378	342
Unilever/Netherlands	21	336
Union Bank of Switzerland/Switzerland	157	340
United Biscuits (Holdings) Plc/UK	391	342
Uny Co Ltd/Japan	336	334
Valeo Group/France	480	326
VEBA Group/Germany	31	326
VEW-Vereinigte Elektrizitätswerke Westfa/Germany	444	328
VIAG Group/Germany	273	328
Volkswagen Group/Germany	19	326
Volvo Group/Sweden	76	338
Westpac Banking Group/Australia	113	320
Whitbread & Co Plc/UK	442	342
George Wimpey Plc/UK	428	342
Winterthur Group/Switzerland	178	340
YPF-Yacimientos Petrolíferos Fiscales/Argentina	204	344
Yamaha Corp/Japan	411	334
Yamaha Motor Co Ltd/Japan	360	334
Yamazaki Baking Co Ltd/Japan	469	336
Yasuda Fire & Marine Insurance Co Ltd/Japan	260	332
Yasuda Trust & Banking Co Ltd/Japan	153	330
Zurich Insurance Group/Switzerland	99	340

Foreign investors bought fewer U.S. assets last year

IS FOREIGN MONEY taking over the U.S. economy? Of course not. Has foreign buying here peaked? Perhaps: The U.S. Department of Commerce reports that net capital inflow from foreigners into the U.S. during 1989 was $215 billion, slightly below 1988's record $219 billion. Foreign purchases of U.S. financial assets, mainly U.S. Treasury obligations, are also slowing down.

In terms of investments in plant and equipment, *Mergers & Acquisitions* magazine reports that last year foreigners spent $53 billion, acquiring a total of 521 U.S. companies. That's a lot of money, but the figure is down from $62 billion in 1988.

Who's doing the buying? Overall the British were the most acquisitive foreigners during 1989. U.K. companies spent $24 billion merging with or acquiring 158 U.S. corporations, including SmithKline Beckman (combined with Beecham in an $8 billion deal) and Pillsbury Co. (acquired by Grand Metropolitan for almost $6 billion). Japan came in second with 81 takeovers, valued at about $9 billion. The biggest single buyout by the Japanese was the $3.4 billion paid by Sony to grab Columbia Pictures Entertainment.

Among the new entries to the list this year is ABB Asea Brown Boveri, the big electrical engineering firm, which is equally owned by ASEA AB of Sweden and BBC Brown Boveri of Switzerland. Last December the company bought Combustion Engineering for $1.6 billion. No longer on the list is Belgium's Groupe Bruxelles Lambert; its U.S. arm, Drexel Burnham Lambert, filed for bankruptcy earlier this year.

The figures below are from the companies' most recent annual reports, the majority from December 1989. Revenue, net income and assets represent the results of a company's entire U.S. operation, and not the proportional interest the parent may have in it. In general, foreign companies with at least a 20% equity interest in a U.S. subsidiary are listed in our report, provided the subsidiary's revenues are large enough (the cutoff is $1.4 billion).

The table also includes foreign firms that have an indirect ownership of a U.S. subsidiary as a result of controlling at least 20% of another foreign company. Such indirect investments are indicated in italics. For example, Hardee's Food Systems, Peoples Drug Stores and Roy Rogers are all subsidiaries of Imasco Ltd. of Canada, yet they are listed under England's B.A.T Industries. Why? Because B.A.T owns 40% of Imasco.

Rank	Foreign investor	Country	US investment	% owned	Industry	Revenue ($mil)	Net income ($mil)	Assets ($mil)
1	**Seagram Co Ltd***	Canada	El du Pont de Nemours*	24	chemicals, energy	35,534	2,480.0	34,715
			Joseph E Seagram & Sons	100	beverages	3,404	560.9	8,069
						38,938		
2	**Royal Dutch/Shell Group***	Netherlands/UK	Shell Oil	100	energy, chemicals	21,703	1,405.0	27,599
3	**British Petroleum Plc***	UK	BP America	100	energy	16,566	NA	20,438
4	**B.A.T Industries Plc***	UK	BATUS	100	multicompany	7,093	NA	3,495
			Farmers Group	100	insurance			
	Imasco Ltd	Canada	Hardee's Food Systems	100	fast food	3,503	NA	NA
			Peoples Drug Stores	100	drugstores	1,020	NA	NA
			Roy Rogers	100	fast food	648	NA	NA
						12,264		
5	**Grand Metropolitan Ltd***	UK	Burger King	100	fast food	5,700	NA	NA
			Grand Metropolitan USA	100	beverages, retailing	3,705	NA	NA
			Pillsbury	100	food processors	2,400	NA	NA
						11,805		
6	**Tengelmann Group**	Germany	Great A&P Tea*	53	supermarkets	11,148	146.7	2,832
7	**Campeau**	Canada	Federated Dept Stores	100	retailing	4,867	–1,503.9	6,600
			Allied Stores	100	retailing	2,706	–925.2	3,000
			Ralphs Grocery	100	supermarkets	2,556	–69.7	1,405
						10,129		
8	**Unilever NV*** **Unilever Plc***	Netherlands UK	Unilever United States	100	food proc, pers prods	8,113	138.0	9,379

*Publicly traded in the U.S. in shares or ADRs. Note: Some foreign investors on the list own U.S. companies indirectly through companies in italics. E: Estimate. NA: Not available.

The 100 largest foreign investments in the U.S.

Rank	Foreign investor	Country	US investment	% owned	Industry	Revenue ($mil)	Net income ($mil)	Assets ($mil)
9	**Nestlé SA***	Switzerland	Nestlé Enterprises	100	food processing	4,339	NA	NA
			Carnation	100	food	2,630	NA	NA
			Alcon Laboratories	100	optical products	800E	NA	NA
						7,769		
10	**Hanson Plc***	UK	Hanson Industries	100	multicompany	5,757	760.8	5,811
	Consolidated Gold Fields Plc	UK	Newmont Mining*	49	mining	582	125.9	1,302
			Smith Corona*	48	office supplies	493	54.4	NA
						6,832		
11	**ASEA AB**	Sweden						
	BBC Brown Boveri	Switzerland						
	ABB Asea Brown Boveri	Switzerland	Asea Brown Boveri	100	power generation	3,251	NA	NA
			Combustion Engineering	100	power generation	3,500	NA	2,413
						6,751		
12	**Petróleos de Venezuela, SA**	Venezuela	Citgo Petroleum	100	refining, marketing	4,941	161.0	1,587
			Champlin Refining	100	refining, marketing	1,800	41.1	490
						6,741		
13	**Philips NV***	Netherlands	North American Philips	100	electronics	6,203	–178.0	3,879
14	**Hoechst AG***	Germany	Hoechst Celanese	100	chemicals	6,016	267.0	6,062
15	**Sony Corp***	Japan	CBS Records	100	records	2,899	NA	NA
			Columbia Pictures	100	movies	1,637	21.0	3,709
			Sony (US)	100	consumer electronics	1,400E	NA	NA
						5,936		
16	**Pechiney**	France	American National Can	100	packaging	4,277	NA	NA
			Howmet	100	gas turbines	874	NA	NA
			Other companies	100	aluminum	509	NA	NA
						5,660		
17	**Bayer AG***	Germany	Mobay	100	chemicals	2,150	121.6	1,595
			Miles	100	health care	2,125	59.6	2,041
			Agfa	100	photography	947	0.6	733
			Other companies	100	chemicals	203	NA	193
						5,425		
18	**BASF Group***	Germany	BASF	100	chemicals	5,422	90.0	3,594
19	**Franz Haniel & Cie**	Germany	Scrivner	100	food distribution	3,252	NA	NA
			Gateway Foods	100	food distribution	2,000	NA	NA
						5,252		
20	**Imperial Chemical Industries Plc***	UK	ICI Americas	100	chemicals, drugs, paint	5,000	NA	NA
21	**IFINT SA**	Luxembourg	Fund American Cos*	22	insurance	3,490	73.0	11,720
			Lear Seating	29	auto parts	1,015	NA	NA
			Moog Automotive	100	auto parts	450	NA	NA
						4,955		
22	**Brascan Ltd***	Canada						
	Noranda	Canada	Noranda US	100	minerals, forest prods	3,144	NA	2,229
	John Labatt Ltd	Canada	Johanna Dairies	100	dairy, juice products	1,677	NA	NA
			Other companies	100	package foods, brewing			
						4,821		
23	**Delhaize "Le Lion" SA**	Belgium	Food Lion*	44	supermarkets	4,717	139.8	1,282
24	**Ferruzzi Group**	Italy	Central Soya	100	food processor	2,319	15.1	789
	Montedison Group*	Italy	Himont	100	chemicals	1,800	NA	NA
			Erbamont	100	pharmaceuticals	165	NA	166
			Other companies	100	chemicals	153	NA	NA
						4,437		
25	**Vendex International**	Netherlands	Dillard Dept Stores*	35	retailing	3,049	148.1	2,496
			Barnes & Noble	30	retailing	1,300	NA	NA
			B Dalton	50	retailing			
						4,349		
26	**Electrolux AB***	Sweden	White Consolidated	100	appliances	4,300	NA	3,100

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The 100 largest foreign investments in the U.S.

Rank	Foreign investor	Country	US investment	% owned	Industry	Revenue ($mil)	Net income ($mil)	Assets ($mil)
27	BCE*	Canada						
	_Northern Telecom Ltd_*	Canada	Northern Telecom	100	telecommunications	3,781	NA	3,084
	_Trans Canada Pipeline_*	Canada	Great Lakes Gas Trans	50	gas transmission	245	30.0	NA
			Northern Border Pipeline	30	gas transmission	231	NA	NA
						4,257		
28	Honda Motor Company Ltd*	Japan	Honda of America Mfg	100	automotive	4,200E	NA	NA
29	Fujitsu Ltd*	Japan	Amdahl*	44	electronics	2,101	152.9	2,234
			Fujitsu America	100	electronics	1,500	NA	NA
			Fujitsu Microelectronics	100	electronics	545	–75.0	390
						4,146		
30	Bridgestone*	Japan	Bridgestone/Firestone	100	tire & rubber	3,500E	NA	NA
			Bridgestone USA	100	tire & rubber	600E	NA	NA
						4,100		
31	Ahold NV*	Netherlands	First National Supermkts	86	supermarkets	1,837	NA	NA
			BI-LO	100	supermarkets	1,430	NA	NA
			Giant Food Stores	100	supermarkets	790	NA	NA
						4,057		
32	Toyota Motor Corp*	Japan	New United Motor Mfg	50	automotive	1,700E	NA	NA
			Toyota Motor Mfg	100	automotive	1,800E	NA	NA
	_Nippondenso Co Ltd_*	Japan	Nippondenso America	100	auto parts	556	NA	NA
						4,056		
33	Anglo Amer of S Africa*	South Africa						
	_Minorco_*	Luxembourg	Engelhard*	30	metals	2,403	–77.5	1,340
			Inspiration Resources*	56	agricultural, mining	1,373	25.2	915
						3,776		
34	CIBA-GEIGY Ltd	Switzerland	CIBA-GEIGY	100	chemicals, drugs	3,732	NA	3,085
35	Volvo AB*	Sweden	Hertz Corporation	26	car rental	2,253	65.1	3,669
			Volvo GM Heavy Truck	76	automotive	1,154	NA	NA
			VME Americas	50	automotive	318	NA	NA
						3,725		
36	CS Holding	Switzerland	First Boston	100	investment banking	3,654[1]	NA	NA
37	Siemens AG*	Germany	Siemens Corporation	100	electronics	3,560	–306.0	3,400
38	Compagnies des Machines Bull*	France	Bull HN Information Sys	72	information systems	2,151	1.1	NA
			Zenith Data Systems	100	information systems	1,400E	NA	NA
						3,551		
39	SmithKline Beecham Plc*	UK	SmithKline Beecham (US)	100	drugs, consumer prods	3,244	NA	2,602
40	Hongkong & Shanghai Banking Corp*	Hong Kong	Marine Midland Banks	100	banking	3,168	–1.1	27,067
41	RTZ Plc	UK	US Borax & Chemical	100	mining, borax	2,266	454.0	2,516
			US Silica	100	sand, clays			
			Kennecott	100	mining			
	_Rio Algom Ltd_*	Canada	Rio Algom Inc	100	metals, mining	430	NA	NA
	RTZ Pillar Ltd	UK	Indal US	100	building products	464	NA	301
						3,160		
42	Alcan Aluminium Ltd*	Canada	Alcan Aluminum	100	aluminum	3,073	15.0	1,545
43	News Corporation Ltd*	Australia	News America	100	media, publishing	3,055	NA	7,382
44	BTR Plc*	UK	BTR Dunlop	100	construction, controls	3,043	NA	NA
45	Petrofina SA	Belgium	American Petrofina*	86	energy	3,036	96.2	2,505
46	Carrefour	France	Costco Wholesale*	20	retailing	3,000	27.0	624
47	Jefferson Smurfit Group Plc	Ireland						
	Smurfit International BV	Netherlands	Jefferson Smurfit	50	paper, packaging	2,936	36.0	2,437
			Container Corp of Am	50	paper, packaging			
48	Zurich Insurance Group	Switzerland	Zurich Insurance Grp US	100	insurance	2,884[2]	69.4	7,332
49	Thomson SA*	France	Thomson Consumer Elec	100	consumer electronics	2,877	NA	1,226
50	Dalgety Plc	UK	Martin-Brower	100	food distribution	2,850E	NA	NA
			Modern Maid Food	100	food products			

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The 100 largest foreign investments in the U.S.

Rank	Foreign investor	Country	US investment	% owned	Industry	Revenue ($mil)	Net income ($mil)	Assets ($mil)
51	**Manufacturers Life Insurance**	Canada	Manufacturers Life Ins US	100	insurance	2,800E	NA	NA
52	**Prudential Corporation Plc***	UK	Jackson National Life	100	insurance	2,732	87.8	7,829
53	**NKK Corp***	Japan	National Steel Int'l Light Metals	70 40	steel aluminum, titanium	2,577 136 2,713	60.2 3.0	1,807 173
54	**Rhône-Poulenc Group***	France	Rhône-Poulenc Rorer Group*	100 52	chemicals pharmaceuticals	1,520 1,182 2,702	NA 86.5	2,900 1,792
55	**Elf Aquitaine Group**	France	Elf Aquitaine, Inc	100	oil & gas, chemicals	2,699	NA	4,515
56	**Henkel KGaA**	Germany	Clorox* Henkel of America Loctite*	28 100 26	household products chemicals chemicals	1,356 885 456 2,697	124.1 NA 54.5	1,213 NA 362
57	**Edmund J Safra** ***Saban SA***	Switzerland Switzerland	Republic NY*	32	banking	2,575	24.0	25,467
58	**Royal Insurance Holdings Plc**	UK	Royal USA	100	insurance	2,553	–35.0	5,348
59	**Mazda Motor**	Japan	Mazda Motor Mfg USA	100	automotive	2,500E	NA	NA
60	**Power Corp of Canada** ***Great-West Lifeco***	Canada Canada	Great-West Life Assur	99	insurance	2,446	NA	9,523
61	**Broken Hill Proprietary***	Australia	Pacific Resources BHP Petroleum (Americas) BHP-Utah Minerals Hamilton Oil*	100 100 100 51	energy energy mining energy	900E 800E[3] 500E[3] 208 2,408	NA NA NA 14.7	NA NA NA 761
62	**Total CFP**	France	Total Petroleum NA* Total Minatome	51 100	energy oil & gas	2,171 200 2,371	48.2 NA	1,156 NA
63	**Bank of Tokyo Ltd***	Japan	Union Bank* Bank of Tokyo Trust	77 100	banking banking	1,650 719 2,369	138.9 24.8	15,376 8,200
64	**Daimler-Benz Group** ***AEG AG***	Germany Germany	Freightliner AEG Other companies	100 100 100	automotive elec equip, electronics elec equip, computers	1,764 600 2,364	NA NA	NA NA
65	**Maxwell Communications**	UK	Macmillan Maxwell Communications Official Airline Guides Macmillan McGraw-Hill	100 100 100 50	publishing publishing, printing publishing school publishing	2,329	NA	NA
66	**Dainippon Ink & Chemicals**	Japan	Sun Chemical Reichhold Chemicals Polychrome	100 100 100	printing, chemicals chemicals printing	1,000E 990E 266 2,256	NA NA 7.0	NA NA 256
67	**Bertelsmann AG**	Germany	Bertelsmann USA	100	printing, publishing	2,250E	NA	NA
68	**National Westminster Bank Plc***	UK	National Westminster Bc	100	banking	2,201	–139.5	21,773
69	**AEGON NV***	Netherlands	AEGON USA	100	insurance	2,132	94.8	7,700
70	**Sandoz Ltd**	Switzerland	Sandoz United States	100	chemicals, drugs	2,125	NA	NA
71	**Nissan Motor Co Ltd***	Japan	Nissan Motor Mfg USA	100	automotive	2,100E	NA	NA
72	**General Electric Plc***	UK	Picker International AB Dick Other companies	100 100 100	medical equipment office equipment elec sys, components	2,075	NA	NA
73	**SNECMA**	France	CFM International	50	aviation	2,064	2.8	1,008
74	**Tate & Lyle Plc***	UK	A E Staley Manufacturing Pacific Molasses Western Sugar Other companies	90 100 100 100	food distr, processors molasses, animal feeds sugar refining sugar processing	1,100 940 2,040	NA NA	NA NA

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The 100 largest foreign investments in the U.S.

Rank	Foreign investor	Country	US investment	% owned	Industry	Revenue ($mil)	Net income ($mil)	Assets ($mil)
75	**Nationale-Nederlanden NV**	Netherlands	Nationale-Nederlanden US	100	insurance	2,023	63.3	5,937
76	**Sun Life Assurance Co of Canada**	Canada	Sun Life of Canada (US)	100	insurance	1,289	–22.2	4,970
			Sun Life's US Subs	100	insurance	635	NA	NA
						1,924		
77	**Roche Holding Ltd**	Switzerland	Hoffmann-La Roche	100	drugs, chemicals	1,800	NA	NA
78	**George Weston Ltd**	Canada	Stroehmann Bakeries	100	bakery			
			Interbake Foods	100	bakery	675	NA	259
			Eddy Paper	100	paper products			
	Loblaw Cos	Canada	National Tea	100	supermarkets	1,095	NA	500E
						1,770		
79	**Régie Nationale des Usines Renault**	France	Mack Trucks*	45	automotive	1,751	–185.7	1,616
80	**Beazer Plc***	UK	Beazer East	100	const materials			
			Beazer West	100	const materials	1,749	NA	3,900E
			Beazer Properties	100	real estate			
81	**General Accident Fire & Life Plc**	Scotland	Gen Accident Corp of Am	100	insurance	1,740	129.1	4,441
82	**Canadian Pacific Ltd***	Canada	Soo Line	100	railroad	550	–27.3	861
			Canadian Pacific US	100	transportation, steel	360E	NA	NA
	*AMCA Int'l Ltd**	Canada	AMCA US	100	industrial machinery	829	NA	309
						1,739		
83	**Crownx**	Canada	Crown Life Insurance(US)	94	insurance	1,346	NA	NA
			United Health	100	health care	366	NA	NA
						1,712		
84	**BOC Group Plc***	UK	BOC Group	100	gases & health care	1,700	41.0	1,900
85	**Thomson Corp**	Canada	Thomson US	100	publishing	1,692	NA	4,095
86	**J Sainsbury Plc***	UK	Shaw's Supermarkets	100	supermarkets	1,690	NA	NA
87	**Moore Corp Ltd***	Canada	Moore Business Forms	100	business forms	1,666	93.6	973
88	**NV AMEV**	Netherlands	AMEV Holdings Inc	100	insurance	1,650	60.1	2,840
89	**Akzo NV***	Netherlands	Akzo America Inc	100	multicompany	1,644	NA	1,995
90	**Glaxo Holdings Plc***	UK	Glaxo	100	eth pharmaceutical	1,637	NA	NA
91	**Thyssen Group***	Germany	Budd Company	100	auto parts	1,540	19.6	NA
92	**Otto Family**	Germany	Spiegel*	87	catalog retailing	1,525	73.3	1,424
93	**Sobey Parties**	Canada	Hannaford Brothers*	25	food distribution	1,521	37.4	470
94	**United Biscuits (Holdings)**	UK	Keebler	100	food processing	1,472	21.6	656
95	**TBG Holding NV**	Netherlands	TBG USA	100	pumps, info sys	900E	NA	NA
			Ball InCon Glass	50	containers, packaging	536	NA	NA
						1,436		
96	**Continental AG***	Germany	General Tire	100	tire	1,390	25.4	NA
97	**Pakhoed Holding**	Netherlands	Univar*	35	chemicals	1,379	21.5	472
98	**Commercial Union Assur Plc**	UK	Commercial Union	100	insurance	1,371	25.6	2,435
99	**Olympia & York Dev Ltd**	Canada	Landmark Land*	25	real estate	527	–34.9	2,667
	*Abitibi-Price**	Canada	Abitibi-Price* (US)	100	bldg prods, newsprint	344	NA	419
	Trizec	Canada	Rouse*	23	property dev, banking	495	10.4	2,300
						1,366		
100	**Saint-Gobain**	France	CertainTeed	100	building supplies	1,362	30.4	1,126

*Publicly traded in the U.S. in shares or ADRs. Note: Some foreign investors on the list own U.S. companies indirectly through companies in italics. E: Estimate. NA: Not available.

The 100 largest U.S. multinationals

U.S. firms with the biggest foreign revenues

THE FOLLOWING NUMBERS may surprise the gloomsayers who worry about foreign money buying up U.S. industrial assets: U.S. companies increased their net direct investment in Western Europe alone by $19 billion in 1989, compared with $3.3 billion in 1988. In a similar vein, revenues from foreign operations of America's 100 largest multinationals *(see table below)* increased by over 9%, to $553 billion in 1989. In other words, American companies as well as foreign ones benefit from today's relatively free flow of capital across borders.

The big buildup in Western Europe stems, of course, from a fear of increased European protectionism after 1992, when most economic borders between member nations of the European Economic Community will come down. No one wants to get frozen out. The new Europe will be a $6 trillion economy with over 325 million consumers, almost 80 million more than the U.S. has. And if Eastern Europe becomes a gold mine, what better place to mine it from than a viable West European base? Indeed, the initial wave of investment in the Eastern bloc countries is being generated by such multinational giants as McDonald's, General Electric and General Motors.

All of this bodes well for U.S. multinational corporations. William Sterling, international economist for Merrill Lynch Capital Markets, expects annual gross domestic product growth of 3% to 3.5% in the European Economic Community over the next four to five years. Sterling's forecast for the U.S. is for only 2% average annual growth.

With $63 billion in foreign sales, Exxon is still the largest U.S.-based multinational. General Motors, with foreign sales of nearly $34 billion, a 16% increase, moved past Ford. In fact, GM's strength in Europe offset an estimated $2 billion loss on its auto sales in the U.S.

(When calculating foreign sales, exports from the U.S. are not considered, nor are intergeographic sales between affiliates.) It's a good time to be a multinational.

1989 rank	Company	Revenue			Net profit[1]			Assets		
		Foreign ($mil)	Total ($mil)	Foreign as % of total	Foreign ($mil)	Total ($mil)	Foreign as % of total	Foreign ($mil)	Total ($mil)	Foreign as % of total
1	**Exxon**	63,429	86,656	73.2	2,888	2,975	97.1	46,417	83,219	55.8
2	**IBM**	36,965	62,710	58.9	4,145	3,758	110.3	37,793	77,734	48.6
3	**General Motors**	33,768	126,932	26.6	2,952	4,224	69.9	43,576	172,899	25.2
4	**Mobil**	33,003[2]	50,976[2]	64.7	1,648[3]	2,663[3]	61.9	19,972	39,080	51.1
5	**Ford Motor**	31,964	96,146	33.2	2,208	3,835	57.6	43,218	160,695	26.9
6	**Citicorp**	19,877	37,970	52.3	–416	498	D-P	87,168[4]	221,002[4]	39.4
7	**EI du Pont de Nemours**	14,152[5]	35,534[5]	39.8	896[6]	2,881[6]	31.1	10,244	34,715	29.5
8	**Texaco**	13,710	32,416	42.3	2,054[3]	2,942[3]	69.8	6,827	25,636	26.6
9	**ITT**[7]	10,944	25,271	43.3	453	985	46.0	11,502	48,725	23.6
10	**Dow Chemical**	9,516	17,600	54.1	1,127	2,499	45.1	9,943	22,166	44.9

[1] From continuing operations before deducting minority interest. [2] Includes other income. [3] Net income before corporate expense. [4] Average assets. [5] Includes excise taxes. [6] Operating income after taxes. [7] Includes proportionate interest in unconsolidated subsidiaries and affiliates. [8] Pretax income. [9] Excludes Canadian operations. [10] Operating profit. [11] Pretax income before corporate expense. D-P: Deficit over profit. P-D: Profit over deficit. NA: Not available.

The 100 largest U.S. multinationals

1989 rank	Company	Revenue			Net profit[1]			Assets		
		Foreign ($mil)	Total ($mil)	Foreign as % of total	Foreign ($mil)	Total ($mil)	Foreign as % of total	Foreign ($mil)	Total ($mil)	Foreign as % of total
11	**Procter & Gamble**	8,529	21,398	39.9	355	1,206	29.4	5,260	16,351	32.2
12	**Philip Morris Cos**	7,630	39,011	19.6	560	2,946	19.0	5,714	38,528	14.8
13	**Eastman Kodak**	7,529	18,398	40.9	540	529	102.1	6,628	23,648	28.0
14	**Digital Equipment**	6,893	12,742	54.1	690	1,073	64.3	4,719	10,668	44.2
15	**General Electric**	6,769[2]	54,574[2]	12.4	773[8]	5,703[8]	13.6	11,346	128,344	8.8
16	**United Technologies**	6,501[2]	19,757[2]	32.9	377	763	49.4	3,901	14,598	26.7
17	**Amoco**	6,354[2]	24,379[2]	26.1	322	1,610	20.0	9,960	30,430	32.7
18	**Hewlett-Packard**	6,338	11,899	53.3	486	829	58.6	3,897	10,075	38.7
19	**Xerox**	6,093	17,635	34.6	385	856	45.0	7,657	30,088	25.4
20	**Chevron**	6,047	29,443	20.5	793	251	315.9	7,653	33,884	22.6
21	**Chase Manhattan**	6,013	13,904	43.2	–943	–665	141.8	30,948	107,369	28.8
22	**American Intl Group**	5,432[9]	14,150	38.4	893[10]	1,754[10]	50.9	18,510[9]	46,143	40.1
23	**Minn Mining & Mfg**	5,389	11,990	44.9	485	1,274	38.1	3,712	9,776	38.0
24	**Unisys**	4,961	10,097	49.1	44	–639	P-D	3,353	10,751	31.2
25	**Motorola**	4,910	9,620	51.0	304[8]	646[8]	47.1	2,605	7,686	33.9
26	**JP Morgan & Co**	4,888	10,394	47.0	–1,693	–1,275	132.8	38,663	88,964	43.5
27	**Coca-Cola**	4,886	8,966	54.5	819	1,193	68.7	2,840	8,283	34.3
28	**Johnson & Johnson**	4,876	9,757	50.0	600	1,082	55.5	3,656	7,919	46.2
29	**American Express**	4,859	25,047	19.4	171	1,157	14.8	28,201	130,855	21.6
30	**Goodyear Tire & Rubber**	4,448	10,869	40.9	95	189	50.3	3,162	8,460	37.4
31	**Tenneco**	4,285	14,083	30.4	198	584	33.9	4,884	17,381	28.1
32	**Chrysler**	4,172	34,922	11.9	181	315	57.5	5,615	51,083	11.0
33	**Sears, Roebuck**	4,135	53,794	7.7	67	1,509	4.4	3,171	86,972	3.6
34	**Woolworth**	3,790	8,820	43.0	117	329	35.6	1,697	3,907	43.4
35	**Bristol-Myers Squibb**	3,685	9,189	40.1	149	747	19.9	2,104	8,497	24.8
36	**Bankers Trust New York**	3,657	7,258	50.4	–1,188	–980	121.2	34,991	55,658	62.9
37	**NCR**	3,514	5,956	59.0	313	412	76.0	1,824	4,500	40.5
38	**K mart[7]**	3,512	32,753	10.7	NA	323	NA	1,217	13,538	9.0
39	**Aluminum Co of America**	3,416	10,910	31.3	1,051	1,367	76.9	4,899	11,541	42.4
40	**American Brands**	3,360	7,265	46.2	310	631	49.1	2,683	11,394	23.5
41	**Colgate-Palmolive**	3,211	5,039	63.7	157	280	56.1	1,672	3,536	47.3
42	**Sara Lee**	3,201	11,718	27.3	190	410	46.3	2,854	6,523	43.8
43	**BankAmerica**	3,195	11,389	28.1	–477	820	D-P	21,268	98,764	21.5
44	**Bank of Boston**	3,114	6,844	45.5	97	70	138.6	6,185[4]	36,492[4]	16.9
45	**Monsanto**	3,091	8,681	35.6	294	679	43.3	2,449	8,604	28.5
46	**Merck**	3,064	6,551	46.8	397	1,495	26.6	2,146	6,757	31.8
47	**Whirlpool[7]**	3,032	6,808	44.5	93	215	43.3	1,944	5,436	35.8
48	**Manufacturers Hanover**	2,996	8,300	36.1	–919	–588	156.3	24,067	60,479	39.8
49	**Caterpillar**	2,993	11,126	26.9	97[10]	968[10]	10.0	2,116	10,926	19.4
50	**Union Carbide**	2,951	8,744	33.7	91	573	15.9	3,250	8,546	38.0
51	**Atlantic Richfield**	2,932	15,351	19.1	119	1,953	6.1	3,986	22,261	17.9
52	**CPC International**	2,844	5,103	55.7	182	334	54.5	2,129	3,705	57.5
53	**GTE**	2,763	17,424	15.9	246	1,417	17.4	4,559	31,986	14.3
54	**PepsiCo**	2,723	15,242	17.9	416	901	46.2	3,070	15,127	20.3
55	**Allied-Signal**	2,603	11,942	21.8	137	528	25.9	2,066	10,132	20.4

[1] From continuing operations before deducting minority interest. [2] Includes other income. [3] Net income before corporate expense. [4] Average assets. [5] Includes excise taxes. [6] Operating income after taxes. [7] Includes proportionate interest in unconsolidated subsidiaries and affiliates. [8] Pretax income. [9] Excludes Canadian operations. [10] Operating profit. [11] Pretax income before corporate expense. D-P: Deficit over profit. P-D: Profit over deficit. NA: Not available.

The 100 largest U.S. multinationals

		Revenue			Net profit[1]			Assets		
1989 rank	Company	Foreign ($mil)	Total ($mil)	Foreign as % of total	Foreign ($mil)	Total ($mil)	Foreign as % of total	Foreign ($mil)	Total ($mil)	Foreign as % of total
56	**Pfizer**	2,575	5,672	45.4	451	685	65.8	2,565	8,325	30.8
57	**Salomon**	2,567	8,999	28.5	559	470	118.9	36,422	118,250	30.8
58	**Pan Am**	2,559	3,561	71.9	–159[10]	–307[10]	51.8	NA	2,440	NA
59	**Gillette**	2,471	3,819	64.7	210	285	73.7	1,949	3,114	62.6
60	**Kimberly-Clark**[7]	2,344	6,211	37.7	172	438	39.3	2,112	5,086	41.5
61	**HJ Heinz**	2,328	5,801	40.1	182	440	41.4	1,622	4,002	40.5
62	**Cigna**	2,327	15,654	14.9	–93	458	D-P	6,119	57,779	10.6
63	**McDonald's**	2,219[2]	6,142[2]	36.1	219	727	30.1	3,529	9,175	38.5
64	**Rockwell International**	2,208	12,518	17.6	147	735	20.0	1,768	8,939	19.8
65	**UAL**	2,179	9,794	22.2	NA	324	NA	NA	7,207	NA
66	**WR Grace**	2,129	6,115	34.8	143	257	55.6	1,742	5,619	31.0
67	**TRW**	2,054	7,340	28.0	103	263	39.2	1,471	5,259	28.0
68	**Texas Instruments**	2,047	6,522	31.4	9	292	3.1	1,551	4,804	32.3
69	**American Home Products**	1,992	6,747	29.5	152	1,102	13.8	1,474	5,682	25.9
70	**Warner-Lambert**	1,947	4,196	46.4	162	413	39.2	1,099	2,860	38.4
71	**Deere & Co**	1,902	7,220	26.3	114	380	30.0	1,635	9,145	17.9
72	**Scott Paper**[7]	1,884	5,602	33.6	89	376	23.7	1,796	5,892	30.5
73	**Security Pacific**	1,883	10,018	18.8	95	741	12.8	14,260	83,943	17.0
74	**American Cyanamid**	1,861	4,825	38.6	183	292	62.7	1,225	4,971	24.6
75	**Abbott Laboratories**	1,838	5,380	34.2	125	860	14.5	1,255	4,852	25.9
76	**Phillips Petroleum**	1,835	12,384	14.8	308	219	140.6	2,232	11,256	19.8
77	**Ralston Purina**	1,832	6,658	27.5	68	351	19.4	1,023	4,382	23.3
78	**Borden**	1,824	7,593	24.0	80	–61	P-D	1,559	4,825	32.3
79	**American Family**	1,783	2,438	73.1	94	81	116.0	5,351	6,515	82.1
80	**Sun Company**	1,774	9,805	18.1	–7	98	D-P	2,992	8,699	34.4
81	**PPG Industries**	1,771	5,734	30.9	124	473	26.2	1,677	5,645	29.7
82	**Halliburton**	1,734[2]	5,661[2]	30.6	57	134	42.5	1,124	4,263	26.4
83	**Avon Products**	1,724	3,300	52.2	106	160	66.3	787	2,098	37.5
84	**Honeywell**	1,712	6,059	28.3	117	550	21.3	1,269	5,258	24.1
85	**Kellogg**	1,711	4,652	36.8	125	422	29.6	1,531	3,390	45.2
86	**Dresser Industries**	1,678	3,956	42.4	61	170	35.9	820	3,056	26.8
87	**Quaker Oats**	1,650	5,724	28.8	59	203	29.1	658	3,222	20.4
88	**Merrill Lynch**	1,650	11,335	14.6	–65	–217	30.0	7,884	63,942	12.3
89	**Baxter International**	1,623	7,399	21.9	125	446	28.0	1,435	8,503	16.9
90	**Emerson Electric**	1,621	7,071	22.9	132	588	22.4	1,221	5,408	22.6
91	**International Paper**	1,590	11,378	14.0	98[8]	1,405[8]	7.0	1,984	11,582	17.1
92	**Westinghouse Electric**	1,539	12,844	12.0	68	935	7.3	736	20,314	3.6
93	**Unocal**	1,532[2]	10,381[2]	14.8	351[11]	1,107[11]	31.7	1,669	9,257	18.0
94	**Eli Lilly**	1,517	4,176	36.3	325	940	34.6	1,840	5,848	31.5
95	**AMP**	1,515	2,797	54.2	164	281	58.4	1,141	2,530	45.1
96	**Bank of New York**	1,507	5,497	27.4	–195	51	D-P	11,611	48,856	23.8
97	**Black & Decker**	1,458	3,190	45.7	93	30	310.0	2,298	6,258	36.7
98	**Dun & Bradstreet**	1,428	4,322	33.0	139	586	23.7	1,463	5,184	28.2
99	**Chemical Banking**	1,418	8,227	17.2	–616	–482	127.8	11,466	71,513	16.0
100	**Intel**	1,352	3,127	43.2	331	391	84.7	1,167	3,994	29.2

[1] From continuing operations before deducting minority interest. [2] Includes other income. [3] Net income before corporate expense. [4] Average assets. [5] Includes excise taxes. [6] Operating income after taxes. [7] Includes proportionate interest in unconsolidated subsidiaries and affiliates. [8] Pretax income. [9] Excludes Canadian operations. [10] Operating profit. [11] Pretax income before corporate expense. D-P: Deficit over profit. P-D: Profit over deficit. NA: Not available.

100 U.S.-traded foreign stocks

Buying foreign stocks in the U.S.

Donna Pulini, a vice president at Citibank's American Depositary Receipts Department in New York, makes the case for ADRs. "Why deal with strange numbers and exchange rates," she asks, "when you can buy directly on the New York Stock Exchange and deal only in U.S. currency?" ADRs, which have been in existence since 1927, eliminate the risks and barriers of language and transfer taxes. Everything is done in U.S. dollars, including dividend payments—although it is important to remember that foreign currency fluctuations will ultimately be reflected in varying dollar values.

Last year a record 3.1 billion ADRs traded hands on the U.S. major exchanges. According to the Securities & Exchange Commission, more than 800 foreign companies from 33 countries now have ADRs trading in the U.S. Even companies in emerging markets, including Turkey and Greece, may issue their first ADRs.

An ADR represents foreign shares that are physically deposited in a custodian bank in a home market. Often a particular ADR issue will represent a multiple of the foreign company's underlying common shares outstanding. For example, one ADR of British Telecommunications (traded on the New York Stock Exchange) represents ten shares of BT's London-traded common. That's important to remember when comparing ADR prices to the foreign market prices reported in some financial publications.

The data below come courtesy of Citibank's ADR Department. Sponsored ADRs are issued by a U.S depositary bank such as Citibank, Morgan Guaranty or the Bank of New York. Such ADRs have a formal agreement between the bank and the foreign company. Unsponsored ADRs may be issued by any depositary bank, and without a formal agreement with the company. The market for sponsored ADRs is more liquid because there is only one bank involved, and greater SEC disclosure requirements.

Actual 1989 earnings and 1990 earnings estimates come courtesy of Lynch, Jones & Ryan's Institutional Brokers Estimate System ADR database.

				EPS					
Exch	**Company/business**	**Country**	**ADR ($US)**	**1989 ($)**	**1990E ($)**	**1989 P/E**	**Price/ cash flow**	**Yield (%)**	**Ordinary shares per ADR**
q	●**ADT Limited**/security svcs, bldg mgmt	Bermuda	31⅞	3.10	3.30	10.3	NA	5.6	10.00
q	●**AEGON NV**/insurance	Netherlands	66⅛	6.55	7.11	10.1	NA	4.6	1.00
q	●**Akzo Group**/chemicals	Netherlands	31	5.86	5.56	5.3	2.92	6.8	0.50
q	●**ASEA AB**/electronics	Sweden	126¾	6.33	7.58	20.0	7.94	1.6	1.00
q	●**Attwoods Plc**/waste management	UK	39⅝	1.90	2.25	20.9	NA	2.1	5.00
n	●**Barclays Plc**/banking	UK	27	2.00	4.72	13.5	NA	6.5	4.00
o	■**BASF Group**/chemicals	Germany	34⅞	4.53	4.58	7.7	3.52	6.9	0.20
o	■**Bayer Group**/chemicals	Germany	174½	22.05	22.32	7.9	4.49	6.9	1.00
n	●**Beazer**/construction	UK	9	1.78	1.45	5.1	2.52	7.8	4.00
o	■**Brierley Investments**/multicompany	New Zealand	2¼	0.22	0.26	10.2	7.89	5.9	2.00
n	●**British Airways Plc**/airline	UK	35	5.40	5.10	6.5	2.68	5.7	10.00
n	●**British Gas Plc**/gas utility	UK	37½	4.00E	4.80	9.4	8.06	6.4	10.00
n	●**British Petroleum**/integrated oil	UK	67½	6.60	5.40	10.2	4.73	6.2	12.00
n	●**British Steel**/steel	UK	25	4.90E	3.80	5.1	3.37	7.2	10.00
n	●**British Telecom**/telecommunications	UK	48¾	5.00E	5.50	9.8	5.55	5.5	10.00
n	●**Broken Hill Prop**/steel, oil, gas	Australia	29	2.44E	2.92	11.9	6.53	3.8	4.00
o	■**BSN-Groupe**/food and household prods	France	30⅜	1.76	1.97	17.2	10.00	2.0	0.20
q	■**Buffelsfontein Gold Mining**/gold, uranium	S Africa	14½	1.39	1.65	10.4	NA	17.5	1.00
a	■**B.A.T Industries Plc**/tobacco, paper, foods	UK	12⅛	1.32	1.30	9.2	8.02	5.5	1.00
n	●**Cable & Wireless**/telecommunications	UK	27¾	1.59E	1.83	17.5	13.59	2.0	3.00

Prices as of May 31, 1990. a: American Stock Exchange. n: New York Stock Exchange. o: Over-the-counter. q: Nasdaq. ●Sponsored American Depositary Receipt. ■Unsponsored American Depositary Receipt. E: Estimate. NA: Not available.

Sources: Citibank ADR Department; Institutional Brokers Estimate System ADR database, a service of Lynch, Jones & Ryan; Forbes.

100 U.S.-traded foreign stocks

Exch	Company/business	Country	ADR ($US)	EPS 1989 ($)	EPS 1990E ($)	1989 P/E	Price/ cash flow	Yield (%)	Ordinary shares per ADR
q	●**Cadbury Schweppes**/food processing	UK	57½	4.30	4.60	13.4	9.07	4.2	10.00
q	●**Canon**/office equip, optics	Japan	57½	1.70	2.15	33.8	12.40	0.7	5.00
o	■**Cathay Pac Airways**/airline	Hong Kong	6¼	0.75	0.85	8.3	5.78	4.7	5.00
o	■**Cheung Kong**/real estate	Hong Kong	1⅝	0.16	0.19	10.2	9.62	3.1	1.00
o	■**China Light & Power**/gas, electric utility	Hong Kong	1¾	0.16	0.17	10.9	8.54	4.8	1.00
o	■**Cifra**/merchandising	Mexico	1⅛	0.05	NA	21.6	15.00	5.4	1.00
o	●**Continential Group**/tires	Germany	35⅛	3.12	3.34	11.3	4.30	4.2	0.20
o	■**Daimler-Benz Group**/automobiles	Germany	482⅞	30.40	32.44	15.9	6.15	2.3	1.00
q	■**DeBeers Cons Mines**/diamond mining	S Africa	25⅝	1.92	2.63	13.3	NA	4.1	1.00
o	■**Deutsche Bank Group**/banking	Germany	459	26.15E	29.51	17.6	NA	2.8	1.00
o	■**Development Bank Singapore**/banking	Singapore	7¼	0.29	0.34	25.0	NA	0.8	1.00
o	●**Elf Aquitaine Group**/oil, gas, chemicals	France	123	13.67E	15.31	9.0	4.42	4.5	1.00
n	●**Empresa Nacionale de Electric**/elec utility	Spain	22⅝	2.40	2.96	9.4	3.78	4.2	1.00
q	●**LM Ericsson**/telecommunications	Sweden	201⅜	9.14	10.96	22.0	14.70	1.1	1.00
n	●**Fiat Group**/automobiles	Italy	43⅛	5.95E	6.30	7.2	4.43	3.5	5.00
q	●**Fisons**/drugs	UK	24½	1.52	1.80	16.1	13.37	2.2	4.00
o	●**Fletcher Challenge**/forest, paper prods	New Zealand	26¼	3.50	3.30	7.5	4.08	6.2	10.00
o	■**Fuji Heavy Inds**/automobiles	Japan	45	0.28E	0.34	NM	NA	1.2	10.00
q	■**Fuji Photo Film**/photo equip	Japan	54¾	2.56	2.72	21.4	13.02	0.3	2.00
o	■**Fujitsu Ltd**/data process, computer equip	Japan	48¾	1.82E	1.92	26.8	12.04	0.6	5.00
n	●**Glaxo Holdings Plc**/food, drugs, medical equip	UK	26½	1.60	1.86	16.6	13.22	4.2	2.00
o	●**Grand Metropolitan**/multicompany	UK	20¾	1.92	2.22	10.8	7.26	4.0	2.00
o	●**Hafslund Nycomed**/health, personal care	Norway	26½	2.24	2.31	11.8	9.40	0.7	1.00
n	●**Hanson Plc**/multicompany	UK	20⅝	1.60	1.80	12.9	11.14	5.0	5.00
o	■**Heineken NV**/beverages, tobacco	Netherlands	67	5.39	5.76	12.4	5.27	2.7	1.00
n	●**Hitachi Ltd**/electrical equip	Japan	102½	4.00	4.70	25.6	9.31	0.6	10.00
o	■**Hoechst Group**/chemicals	Germany	84¾	11.33	11.29	7.5	4.18	7.1	0.50
n	●**Honda Motor Co Ltd**/autos, motorcycles	Japan	23¾	1.10E	1.24	21.6	8.10	0.8	2.00
o	■**HongKong & Shanghai Bank**/banking	Hong Kong	⅞	0.10	0.11	8.8	NA	7.1	1.00
o	■**Hutchison Whampoa**/multicompany	Hong Kong	7½	0.65	0.75	11.5	9.87	4.9	5.00
n	●**Imperial Chemical Inds**/chemicals	UK	81	9.36	8.68	8.7	5.58	6.1	4.00
q	●**Ito-Yokado Co Ltd**/superstores	Japan	111½	3.72	4.04	30.0	18.39	0.5	4.00
o	■**Jardine Matheson**/holding co	Bermuda	4½	0.32	0.43	14.1	11.76	2.8	1.00
o	●**Keppel**/machinery, engineering	Singapore	8¾	0.25	0.32	35.2	22.22	0.6	2.00
o	■**Kloof Gold Mining**/gold mining	S Africa	9¾	0.32	0.26	30.1	NA	4.8	1.00
o	●**Komatsu Ltd**/heavy-duty equip	Japan	162½	3.80E	4.20	42.8	22.69	0.7	20.00
n	●**Kyocera**/ceramics, electronics, optics	Japan	104¼	2.52E	2.86	41.4	28.89	0.6	2.00
q	●**LVMH**/luxury goods	France	162¾	7.93E	9.34	20.5	17.12	2.0	0.20
o	■**L'Oréal Group**/personal care prods	France	187½	9.16	10.44	20.5	14.26	1.7	0.20
n	●**Manpower**[1]/employment agency	UK	13¾	0.90	0.90	15.3	10.36	1.0	10.00

Prices as of May 31, 1990. [1]Was Blue Arrow. a: American Stock Exchange. n: New York Stock Exchange. o: Over-the-counter. q: Nasdaq. ●Sponsored American Depositary Receipt. ■Unsponsored American Depositary Receipt. E: Estimate. NA: Not available. NM: Not meaningful.

Sources: Citibank ADR Department; Institutional Brokers Estimate System ADR database, a service of Lynch, Jones & Ryan; Forbes.

100 U.S.-traded foreign stocks

Exch	Company/business	Country	ADR ($US)	EPS 1989 ($)	EPS 1990E ($)	1989 P/E	Price/ cash flow	Yield (%)	Ordinary shares per ADR
n	●**Matsushita Elec Industrial**/electronics	Japan	143¾	7.61E	7.78	18.9	10.28	0.6	10.00
o	■**Mitsubishi Electric**/elec, electronics	Japan	66¼	2.20E	2.30	30.1	8.41	0.9	10.00
n	●**Montedison**/chemicals	Italy	17½	1.60E	1.40	10.9	3.66	2.4	10.00
n	●**National Australia**/banking	Australia	25	3.40	3.65	7.4	NA	9.4	5.00
n	●**National Westminster**/banking	UK	36	1.56	6.00	23.1	NA	6.4	6.00
o	●**Neptune Orient Lines**/shipping	Singapore	4½	0.24	0.28	19.0	6.29	2.5	4.00
o	■**Nestlé**/food processing	Switzerland	157¾	11.53	13.03	13.7	8.10	2.2	0.03
n	●**News Corp Ltd**/newspapers, broadcasting	Australia	15½	2.28	1.34	6.8	5.39	1.0	2.00
o	●**Nintendo**/electronics	Japan	34⅝	0.80	0.69	43.2	NA	0.2	0.25
o	●**Nokia**/multicompany	Finland	25¾	1.11	1.74	23.2	6.23	2.7	1.00
q	●**Norsk Data AS**/minicomputers	Norway	6⅞	−1.37E	−0.16	NM	−6.21	0.0	1.00
n	●**Norsk Hydro**/fertilizers, oil, gas, metals	Norway	31⅝	2.04	2.35	15.5	5.96	1.9	1.00
n	●**Novo Nordisk B**/chemicals	Denmark	47⅛	3.78	3.78	12.5	7.89	1.3	1.00
q	●**Pacific Dunlop**/multicompany	Australia	15	1.20	1.32	12.5	8.32	3.9	4.00
o	●**Petrofina SA**/integrated oil, chems	Belgium	34⅜	2.87	3.01	12.0	5.10	4.6	0.10
o	■**Peugeot Group**/automobiles	France	28⅞	7.31	8.07	4.0	2.79	2.9	0.20
n	●**Philips Group**/elec equip, electronics	Netherlands	18⅛	2.64	1.85	6.9	1.99	5.8	1.00
n	●**Pioneer Electronic**/electronics	Japan	79	2.22E	2.50	35.6	29.09	0.3	2.00
n	●**Racal Telecom**/mobil telecomm	UK	63¾	2.00E	3.00	31.9	32.98	0.3	10.00
o	●**Reed Intl**/publishing	UK	29½	2.56E	2.80	11.5	11.10	3.8	4.00
q	●**Reuters Holdings**/intl news service	UK	60⅜	2.25	2.73	26.8	17.10	1.5	3.00
n	●**Royal Dutch Petroleum**/integrated oil	Netherlands	76¾	8.49	7.46	9.0	5.02	5.2	1.00
o	■**Sekisui House Ltd**/home building	Japan	132½	4.10	4.80	32.3	32.22	0.9	10.00
o	■**Siemens Group**/elec, electronics	Germany	85¼	5.36	5.73	15.9	6.39	2.7	0.20
o	■**Sime Darby**/multicompany	Malaysia	1⅝	0.05	0.06	32.5	19.99	2.4	1.00
q	●**SKF Group**/bearings, steel prods	Sweden	27	2.31	2.72	11.7	8.03	2.6	1.00
n	●**SmithKline Beecham**/health, personal care	UK	45⅝	3.15	3.55	14.5	11.90	2.1	5.00
n	●**Sony**/electronics	Japan	56⅝	2.18	2.46	26.0	12.24	0.6	1.00
o	■**STET**/telecommunications	Italy	52½	4.30E	4.90	12.2	2.09	3.1	10.00
o	■**Swire Pacific Ltd**/multicompany	Hong Kong	5	0.50	0.56	10.0	8.30	4.1	2.00
n	●**Telefonica**/telecommunications	Spain	23⅝	1.95	2.20	12.1	2.63	6.7	3.00
q	■**Teléfonos de Mexico**/telecommunications	Mexico	1⅞	0.09	0.18	19.9	11.20	0.3	1.00
o	■**Thyssen Group**/metals, steel	Germany	33¾	4.17	3.99	8.1	4.12	5.5	0.20
q	●**Tokio Marine & Fire**/insurance	Japan	51⅞	0.95E	1.00	54.6	NA	0.5	5.00
q	■**Toyota Motor**/automobiles	Japan	33¼	1.58	1.68	21.0	11.79	0.8	2.00
n	●**Unilever NV**/multicompany	Netherlands	80⅞	6.35	6.93	12.7	9.51	3.1	1.00
o	■**Veitscher Magnesit**/metals nonfer	Austria	19	0.64E	0.72	29.7	19.84	1.8	0.20
o	●**Volkswagen Group**/automobiles	Germany	70⅞	7.07	7.66	10.0	4.52	2.9	0.20
q	●**Volvo AB**/automobiles	Sweden	58¾	9.35	8.44	6.3	4.14	4.3	1.00
o	●**Wellcome**/health, personal care	UK	11¼	0.34	0.44	33.1	23.10	1.1	1.00

Prices as of May 31, 1990. a: American Stock Exchange. n: New York Stock Exchange. o: Over-the-counter. q: Nasdaq. ●Sponsored American Depositary Receipt. ■Unsponsored American Depositary Receipt. E: Estimate. NA: Not available. NM: Not meaningful.

Sources: Citibank ADR Department; Institutional Brokers Estimate System ADR database, a service of Lynch, Jones & Ryan; Forbes.

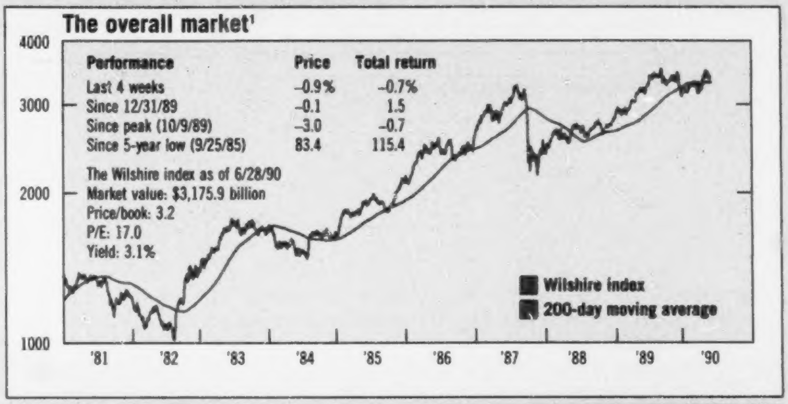
The Forbes Wall Street Review

Edited by Eric S. Hardy

Bad earnings announcements are rolling off the market like water off a duck. "Wall Street is accentuating the positive and shrugging off the negative," says Robert Stovall, president of Stovall/Twenty-First Advisers. "Investors were already expecting lackluster profits in the second quarter, so negative earnings announcements aren't really news to them." No question, individual stocks still take a pounding when earnings fail to live up to expectations, as recently happened to two blue chips—Caterpillar and AT&T. But the overall market is holding up quite well despite surprises like these.

One reason for the relatively strong market in late June, according to Stovall, is that money managers tend to "window dress" their portfolios near the close of a quarter, by lightening up on cash and buying stocks. During the past two weeks stocks gave back a bit of their recent gains. The Dow fell 1.7%, the Wilshire 1.6%. The equally weighted Wilshire index lost only 0.4% in this period—further evidence that the broad market is keeping up with, or in some cases outperforming, the large-capitalization issues that dominate the Dow and S&P 500.

The Wilshire index has now recovered almost all its losses from last January's sharp decline. Through June 28 the index shows a price return of –0.1% and a total return (including reinvested dividends) of 1.5%.


The overall market[1]

The Best Performing Stocks

Company	Price	2-week change	P/E	Avg vol (thou)[2]	Rel vol[3]
Topps	24	17%	20	1,479	1.5
Am Barrick Resources	18½	14	54	2,053	0.7
Safeway	14	13	NM	1,382	0.5
Price Co	41[illegible]	13	17	3,824	0.9
Homestake Mining	17⅝	12	29	2,309	0.6

The Worst Performing Stocks

Company	Price	2-week change	P/E	Avg vol (thou)[2]	Rel vol[3]
Consolidated Freight	12⅝	–25%	NM	3,247	1.4
Armco	7⅛	–22	5	3,175	1.8
Caterpillar	52⅝	–21	12	11,067	2.8
Sotheby's Holdings	15⅝	–19	8	1,170	0.4
Quantum Chemical	16⅝	–16	2	1,055	0.9

Closeup on the Market

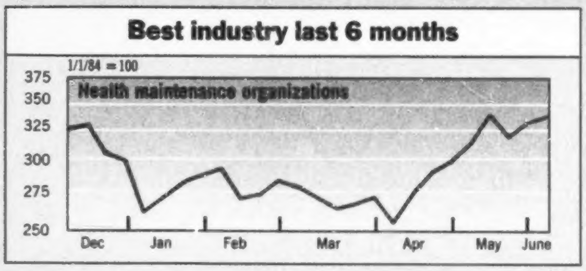
Index or investment	Price	2-week change
Wilshire index 6,000 stocks, capitalization weighted	3,417.43	–1.6%
Wilshire index 6,000 stocks, equal weighted	21.85	–0.4
Dow Jones industrials 30 stocks, divisor-adjusted price average	2,878.71	–1.7
S&P 500 Capitalization weighted cross section, major stocks	357.63	–1.5
NYSE Capitalization weighted, all listed common stocks	195.18	–1.4
Amex Capitalization weighted total return: stocks, warrants	358.57	–1.6
Nasdaq Capitalization weighted, all issues except warrants	460.38	–1.4
Amex international market index Capitalization weighted, 50 largest ADRs	319.11	0.8

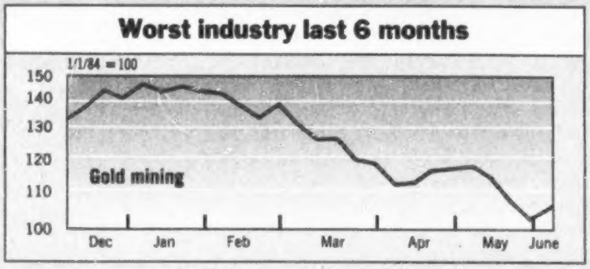
Index or investment	Price or rate	2-week change
Europe, Australia, New Zealand and Far East[4] (EAFE) a dollar denominated capitalization weighted index	909.50	–0.1%
Institutional[5] Approximately 200 stocks with high institutional ownership	117.35	–1.9
Individual[5] Approximately 200 stocks with low institutional ownership	105.69	–0.5
Russell 2000 index 2000 stocks with small market values, capitalization weighted	168.41	–1.3
Gold[6] (composite quote of 6 major dealers)	$354.87	2.9
Yen[6] (per $U.S.)	153.15	–0.6
Commodity index[6] (CRB futures index, 1967 = 100)	235.81	–0.3
Oil[6] (W Texas Intermediate)	$17.15	unchanged
T bills[6] (90 days)	7.73%	9 basis points[7]
Broker loan rate[6]	9.25%	unchanged

Note: All data for periods ending 6/28/90. Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created. Stocks listed above have market capitalizations of $500 million or more. [1] Capitalization weighted, prepared by Wilshire Associates, Santa Monica, Calif. [2] Average daily volume over a 2-week period. [3] Average daily volume over the last 2 weeks, divided by the average daily volume over the preceding 3 months. [4] Morgan Stanley Capital International Perspective. [5] For period ending 6/29/90. A. Arbel, Cornell University, using Ford Database from Ford Investor Services. [6] Knight-Ridder Financial Information. [7] A basis point is equal to one-hundredth of a percentage point. NM: Not meaningful.

Industry Review

Edited by Gilbert Steedley


Best industry last 6 months


Worst industry last 6 months

Health stocks made some investors well. The two best-performing groups over the last six months were health maintenance organizations and outpatient centers. These industries gained strength on their earnings growth. The third-best-performing group was computer software. Of the biggest software companies (as measured by market capitalization), industry giants Novell and Microsoft each gained more than 75%. Computer Associates International and Lotus Development posted more modest increases. The market's love-hate relationship with gold has again turned to hate. When we looked at industry performance earlier this year *(Jan. 8)*, gold stocks were the strongest group over the prior six-month period. Now the gold mining industry is in the dumps.

Leading Industries

Health maintenance organizations

Company	Recent price	6-month price change	Relative rank strength	Relative rank EPS	P/E
United HealthCare	17	49%	96	94	21
Occupational-Urgent Care	22¾	36	90	92	61
US HealthCare	17⅝	33	94	94	24
PacifiCare Health Sys	24¾	–4	83	98	20
FHP Intl	17¾	–5	69	88	15

Outpatient services

Company	Recent price	6-month price change	Relative rank strength	Relative rank EPS	P/E
Medical Care Intl	36¼	62%	95	87	34
Surgical Care Affiliates	28¾	59	97	99	44
New England Critical Care	28¾	34	92	98	39
T Square Medical	26¼	22	91	96	28
Diagnostek	16⅜	15	95	88	43

Computer software

Company	Recent price	6-month price change	Relative rank strength	Relative rank EPS	P/E
Novell	52½	85%	95	98	29
Microsoft	74½	77	97	99	35
Autodesk	53½	44	89	97	27
Computer Assocs Intl	15⅛	23	65	94	18
Lotus Development	33¾	18	81	99	17

Lagging Industries

Gold mining

Company	Recent price	6-month price change	Relative rank strength	Relative rank EPS	P/E
Driefontein Consolidated	10⅛	–33%	24	31	15
Placer Dome	14¾	–23	36	57	31
Newmont Gold	40¾	–21	46	96	30
Newmont Mining	42⅜	–11	51	84	23
American Barrick Res	18	5	83	89	53

Real estate investment trusts

Company	Recent price	6-month price change	Relative rank strength	Relative rank EPS	P/E
CRI Liquidating	11¾	–7%	63	60	10
CRI Insured Mortgage Assoc	8⅛	–7	48	34	9
Del-Val Finacial	16⅞	–6	48	60	9
Capstead Mortgage	15½	–5	51	77	7
RPS Realty Trust	6	2	65	81	7

Building

Company	Recent price	6-month price change	Relative rank strength	Relative rank EPS	P/E
PHM	8½	–19%	18	59	4
Standard Pacific LP	11⅞	–14	20	75	3
Kaufman & Broad Home	12⅛	–7	28	84	5
Ryland Group	18½	–1	36	97	6
Universal Medical Buildings LP	5¾	0	63	23	NM

Industries are ranked from 1 (highest) to 197 (lowest) based on the equal-weighted price performance of the companies within the industry group. Relative EPS measures a company's earnings-per-share growth in the last 2 quarters, the last 5 years and the stability of that growth. Relative strength is a stock's daily price change over the last 12 months. For both measurements, stocks are compared with all other stocks and ranked on a scale of 0 to 99, with 99 the highest. Industry group performance is based on 6-month equal-weighted price changes with most recent 3-month results weighted 70%. NM: Not meaningful. All data for periods ending 6/25/90. Source: Investor's Daily, Los Angeles, Calif.

The Contrarian

MONEY & INVESTMENTS

What do you look for when buying small-cap stocks? Exactly the same things you would look for in big-cap stocks.

GETTING READY FOR THE REBOUND

By David Dreman

Small stocks have been disappointing for years. However, they will again have their day, perhaps soon.

If you agree with this, where do you look for small-capitalization stocks to buy? Same place you would look for big-cap stocks. In the low-P/E bargain basement. Over both the last 10 and 20 years, low-P/E stocks in the small-cap universe have sharply outperformed their high-P/E brethren as well as the small-cap indexes. What's more, the smaller low-P/E stocks have also outperformed large companies over the past 10 years, surprising in view of the lackluster performance of small-cap indexes.

Smaller is better

When we divided the Compustat tapes into five equal groups by market size, and also sorted them into five P/E groups, the annual returns (in the five columns below) of the lowest P/Es were significantly better, regardless of the size of the company. These figures cover the 20½ years ended Oct. 31, 1989.

Average market size of company ($mil)					
$46	18.0%	15.3%	10.2%	7.0%	4.1%
127	15.7	13.7	10.0	6.5	7.4
360	17.0	15.1	10.6	7.4	8.2
1,031	13.8	12.9	10.3	8.5	7.1
5,974	13.0	12.4	9.1	10.5	8.7

My firm did the study that leads to these conclusions in conjunction with Professor Michael Berry of James Madison University. To build our database, we took all the 6,000 companies on the Compustat tapes and divided them by both P/E and market size. In the accompanying table the lowest 20% of stocks—as ranked by price/earnings ratios—are in column one, progressing to the highest 20% in column five. Looking across the table, the lowest 20% of stocks by market value (1989 average, $46 million) are in the top row, the largest 20% ($6 billion) in the bottom row.

Even a glance at the table strengthens the low-P/E case. The lowest-P/E group outperformed the highest group for companies of all five market-size categories. The difference in returns is formidable. Had you invested $10,000 in the lowest P/Es of the lowest market-size group back in 1969, it would have been worth $297,565 last year—more than 13 times as much as the $22,790 for the highest-P/E group. The results are almost as lopsided for companies in the second-lowest market cap range (row two). The lowest 20% of P/Es here provided a 15.7% annual return, versus 7.4% for the highest-P/E group.

Moving to the largest stocks—in row five—the lowest-P/E group provided a 13% return, versus 10.7% for the group average and 8.7% for the highest-P/E stocks.

The table also clearly demonstrates that the low-P/E strategy is even more effective as company size is reduced. Returns drop as market size increases, but this is partially offset both by higher transaction costs for small stocks and by greater risk.

The study provides solid backing for an investment strategy in small stocks almost identical to the one I recommend for large-P/E issues. Here are some pointers that should be helpful in following the low-P/E approach for smaller companies.

1) Buy companies that are strong financially, normally no more than 40% debt in the capital structure for a manufacturing firm.

2) Buy companies with increasing and well-protected dividends that also provide an above-market yield.

3) Pick companies with above-average earnings growth rates.

4) Diversify widely: Because smaller-cap stocks have far less liquidity, a good portfolio should contain about twice as many stocks as the equivalent large-cap one.

5) Be patient: Nothing works every year, but when smaller caps click, returns are outstanding.

Here are a number of small-cap stocks I would look at today: *KeyCorp* (27), a bank holding company, has had stringent loan policies. As a result, earnings should be up 10% this year and continue their rising trend. The stock trades at a price/earnings ratio of 8 and yields 4.9%.

Meridian Bancorp (15), the fourth-largest bank holding company in Pennsylvania, recently passed an examination by bank regulators with little increase to reserves. The stock trades at a P/E multiple of 7 and yields 7.6%.

Blair Corp. (37) is a marketer, principally by mail, of men's and women's apparel as well as home furnishings. Company earnings should be up close to 25% from depressed 1989 results, to a new high. The stock trades at a P/E of 11 and yields 4.7%.

Kimball International B (23) manufactures furniture for the business and health care sectors. Income should show better than 10% growth in both fiscal 1990 and 1991 (ending June 30). It trades at a P/E of 11 and yields 2.6%. ■

David Dreman is managing director of Dreman Value Management, L.P., Investment Counsel, New York, and author of The New Contrarian Investment Strategy.

For seven years, there has been little pressure to change gears on tax policy. But 1990 is looming as an inflection point.

TAX HEDGE FOR THE NINETIES

By Charles E. Babin

Now that an economic slowdown and a runaway S&L bailout threaten to blow the federal deficit sky-high, investors have reason to worry that President Bush will break his campaign pledge and raise taxes. A recent *Wall Street Journal*/NBC News poll reported that 89% of surveyed voters foresee an increase this year, with two-thirds of them favoring an income tax hike on the wealthy. If they are right, fixed-income investors should focus on municipal bonds.

When it comes to investment strategy, it pays to keep an eye on tax policy. After all, only aftertax returns count. There's no mystery why muni bonds, with their inferior yields, appeal to upper-income investors: Interest paid on them is exempt from federal taxation. Many escape state and local income tax as well.

The attraction of municipals is tied to their "equivalent" taxable yield (the tax-exempt yield expressed as a pretax equivalent using the investor's marginal tax rate) compared with taxable securities. Other things being equal, reducing tax rates lowers equivalent yields and narrows the differential between tax-exempt and taxable bonds. The reverse also holds.

When President Reagan took aim at a highly progressive income tax structure in 1981, he succeeded in condensing some dozen brackets and a maximum rate of 70% to three brackets with a top rate of 33%. As shown in the table, the impact on equivalent yields was significant. While muni yields dropped a smidgen from their 1980 level, equivalent yields plummeted. Risk-adjusted, the spread between municipals and Treasury yields was all but erased.

For fixed-income investors, failure to get it right on taxes can bag an otherwise sound decision. Imagine an investor who expected his tax rate would average 70% during the 1980s. The choice would have been a "no-brainer." Ex ante, Treasury yields on the order of 23% would have been required to generate the same ten-year income stream. But ex post, results fell short of expectations. The Reagan tax cuts would have lowered his average tax rate to less than 50%, eroding the benefit of tax immunity and scuttling the opportunity to pocket sizable excess income over Treasurys.

Taxes and muni bond yields

Year	Muni average yield[1]	Marginal tax rate[2]	Equivalent yield	Treasury average yield[3]
1980	6.96%	70%	23.20%	11.41%
1985	8.07	50	16.14	10.63
1989	6.67	33	9.95	8.50

[1] New ten-year AAA general obligations. [2] Maximum statutory tax rate. [3] New ten-year U.S. Treasury notes. *Yield data source: First Boston.*

What's more, prior to tax reform, the tax rate of indifference—the rate which equalizes aftertax returns and sways decisions—was 39%. Today it's hovering around 22%, suggesting that muni bonds are appealing to taxpayers in the 28% bracket. Had the tax rate of indifference remained constant, muni yields around 5.2% would have been consistent with 1989's average Treasury yield, and muni bondholders would have profited.

What happened to the muni market during the 1980s could flip-flop in the 1990s. The key is a burgeoning federal budget deficit. And on this score, the health of the economy is critical. A robust economy helps the budget by stimulating tax revenue through increased employment and higher incomes, and by reducing outlays for welfare and unemployment-related benefits. The post-1982 economic boom provides a perfect example. Starting from a deficit equal to 6.3% of GNP—the biggest since 1946—the budget crisis improved dramatically by 1989 (2.9% of GNP).

The bottom line is that, for seven years now, there has been little pressure to change gears on tax policy. But 1990 is looming as an inflection point. First-quarter real GNP growth was an anemic 1.9% and the full-year prospect is bleak. Already policymakers, including the President, are worried. They now see a budget spinning out of control. According to Treasury Secretary Nicholas Brady, the impact of the current housing recession on S&Ls alone could add more than $300 billion to the federal deficit during the 1990s.

Just days ago, George Bush admitted that he's having trouble keeping his finger in the tax dike. Even if he sticks with today's income tax rates, incentives to buy muni bonds could improve. Remember, today's max 33% tax rate reverts to 28% when taxable joint income exceeds roughly $160,000 (about $100,000 for single filers). So, the biggest incomes escape the highest tax rate. Ironically, Mr. Bush could increase tax revenue without raising tax rates by eliminating reversion. Longer term, though, it's a good bet rates—and equivalent yields—will move higher. ■

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